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READING ROOM

Algeria	1.00	Denmark	1.50	Norway	1.70	NZ	1.50
Argentina	1.00	Egypt	1.50	Peru	1.70	Philippines	1.50
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Belgium	1.00	Germany	1.50	Romania	1.70	Russia	1.50
Brazil	1.00	Greece	1.50	Saudi Arabia	1.70	Spain	1.50
Canada	1.00	India	1.50	South Africa	1.70	Sweden	1.50
Chile	1.00	Indonesia	1.50	Switzerland	1.70	Thailand	1.50
Colombia	1.00	Italy	1.50	Taiwan	1.70	Turkey	1.50
Cuba	1.00	Japan	1.50	U.S.A.	1.70	U.S.S.R.	1.50
Czechoslovakia	1.00	Korea	1.50	Yugoslavia	1.70		
Dominican Republic	1.00	Laos	1.50				
Ecuador	1.00	Malaysia	1.50				
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Finland	1.00	Nepal	1.50				
France	1.00	Paraguay	1.50				
Germany	1.00	Pakistan	1.50				
Ghana	1.00	Peru	1.50				
Greece	1.00	Poland	1.50				
Hong Kong	1.00	Romania	1.50				
India	1.00	Saudi Arabia	1.50				
Indonesia	1.00	South Africa	1.50				
Italy	1.00	Switzerland	1.50				
Japan	1.00	Taiwan	1.50				
Korea	1.00	Thailand	1.50				
Laos	1.00	Turkey	1.50				
Malaysia	1.00	U.S.A.	1.50				
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ESTABLISHED 1887

Congress Is Warned Of Swelling Deficit

Stockman Says Reagan's Plan Will Fail To Reach Goal of Saving \$100 Billion

By Jonathan Fuhringer
New York Times Service
WASHINGTON — The Reagan administration has warned the new Congress that deficit projections were higher than anticipated a month ago, when President Ronald Reagan approved his deficit-reducing plan.

Administration officials said Thursday that Mr. Reagan did not intend to change his budget plan, which he will submit to Congress in early February. This means he will fall short of his goal of reducing the deficit, now projected to top \$200 billion this year, to about \$100 billion in 1985.

As the 99th Congress convened Thursday, leaders of both parties said their top priority would be a deficit-reducing package, but actual goals and tactics remain to be decided.

David A. Stockman, director of the Office of Management and Budget, said at a meeting of Senate Republicans that the Reagan deficit plan would fall about \$40 billion short of the president's goal for the fiscal year 1985.

The Reagan proposal will fall short for two reasons: slower economic growth than had been anticipated, and Mr. Reagan's refusal to approve the larger reduction in the military budget proposed by budget advisers.

The effect was to shift to the new Congress the decision of whether to make deeper budget cuts or to impose tax increases to achieve the goal of reducing the deficit to \$100 billion in 1985.

Senator Robert J. Dole of Kansas, the new Senate majority leader, submitted legislation that would make the goal a matter of law.



Pole Testifies in Court He Was Assured of Official Protection
Lieutenant Waldemar Chmielewski, testifying above in the murder of the Reverend Jerzy Popieluszko, told the court in Torun, Poland, Friday that his captain assured him he would not be prosecuted because the investigating officials were "good guys." Story on Page 2.

Soviet Says U.S. Must Now Give Ground on Arms

Geneva Preview For Arms Talks

MOSCOW — The Communist Party daily newspaper, Pravda, said Friday that the Soviet Union had displayed a readiness to reach agreements at arms talks that are to start in Geneva next week. Concessions, it said, were "the business of the American side."

The unsigned editorial reinforced the main themes of the Kremlin's public stand toward the talks between Secretary of State George P. Shultz and Foreign Minister Andrei A. Gromyko, which are to begin Monday. It stressed that space weapons were of "prime significance" and tried to place responsibility for easing world tensions on the United States.

"Now, when we are on the eve of a meeting of high-ranking representatives of the U.S.S.R. and the U.S.A. in Geneva," Pravda said, "peace-loving people have the right to expect that the American side will assume a constructive, realistic position."

The editorial began with a harsh attack on U.S. foreign policy, saying: "People are watching with alarm the dangerous policy of aggressive quarters of imperialism. U.S. imperialism above all, which counts on further intensification of the arms race."

It continued: "Historical experience teaches that it is necessary to fight war before it starts. The businesslike, specific proposals of the U.S.S.R. form a realistic program for ridding the European nations and the whole of mankind of the threat of nuclear war."

"The Soviet Union clearly sees what an important meaning the correction of Soviet-American relations has for the whole world," Pravda said, adding: "We have plenty of good will, desire to cooperate on an honest, equal basis. These are the business of the American side."

Soviet Apologizes to Norway, Finland For Violation of Airspace by Missile

By Per Egil Hegge
New York Times Service
OSLO — The Soviet Union apologized to Norway on Friday for the violation of Norwegian airspace last month by a Soviet cruise missile.

Only hours after his Norwegian counterpart in Moscow had delivered a protest to the Soviet Foreign Ministry, the Soviet ambassador in Oslo, Dmitri S. Poliansky, a former member of the ruling Politburo, asked for an audience with the Norwegian foreign minister.

In an unusual démarche for a Soviet diplomat, Mr. Poliansky said the Soviet Union regretted the incident.

He said it was due to a technical error and promised that measures would be taken to prevent a recurrence, officials said.

Foreign Minister Svend Stray accepted the apology and told the ambassador that the incident would not harm Norwegian-Soviet relations, they said.

In Helsinki, the Soviet ambassador to Finland, Vladimir M. Sobolev, told Foreign Minister Paavo Vayrynen that the incident happened during a Soviet Navy exercise in the Barents Sea. The Associated Press reported.

"During firing exercises, a firing target strayed from its given course because of a technical fault," the ministry quoted Mr. Sobolev as saying. "He said it might have been possible that the target might at that point have violated Finnish airspace. Mr. Sobolev expressed his government's regrets because of what happened."

A Norwegian Foreign Ministry spokesman said that Mr. Poliansky had identified the missile as an SS-N-3, a 1960s design known by its North Atlantic Treaty Organization code name of "Shaddock" and said by the West to be capable of carrying a nuclear warhead.

The spokesman said Mr. Poliansky reported that he had been instructed by his government to say that the missile, which he described as a "cruising target," was not carrying "any ammunition or poisonous materials."

A government source in Oslo said that the Soviet government clearly wanted to prevent the incident from poisoning the East-West atmosphere before Monday's meeting in Geneva between the Soviet foreign minister, Andrei A. Gromyko, and his American counterpart, Secretary of State George P. Shultz.

The two men are to meet to discuss a resumption of arms control talks, which were broken off by Moscow just over a year ago.

NATO deployment of U.S. Pershing-2 and low-flying cruise missiles in Western Europe in late 1983 prompted the Soviet Union to break off the talks.

Poliburo Meets on Talks
Earlier, the New York Times reported from Moscow: The Soviet Politburo announced on Thursday it had made an "appropriate decision" on its position in the coming U.S.-Soviet talks. The statement after the Politburo's weekly meeting gave no details.

But a commentary in the government newspaper Izvestia reflected a growing pessimism that has been expressed in the official press. The commentary said Washington's insistence on its plan to test space weapons could make agreement difficult.

"If the decision to put arms into space is definitive," wrote the commentator, Valentin Falin, "then arms talks, if it is thought worth even beginning them, will not see a (Continued on Page 2, Col. 6)

Renault To Report Record Loss For 1984

By Axel Krause
New York Times Service
PARIS — Renault, France's state-owned automaker, had a loss of about 9 billion francs (\$929.9 million) in 1984, the largest ever by a French company, industry and government officials said Friday.

The figure approaches the kind of losses posted by the Chrysler Corp. in the late 1970s and early 1980s. The U.S. automaker had total losses of \$3.5 billion from 1978 to 1981.

A Renault spokesman would not deny or confirm the figure and other details that were published Friday by Liberation, a Paris daily newspaper, saying it was "too early" to determine last year's loss. He said the company expected to report its 1984 results in the spring.

Renault had a loss of 1.57 billion francs in 1983 and a loss of 1.28 billion francs in 1982.

Government officials said that an immediate consequence of the 1984 Renault loss could be an acceleration of management reorganization, started by the company last month and more layoffs.

"There are real problems at Renault, which are being resolved, but much remains to be done," an official said.

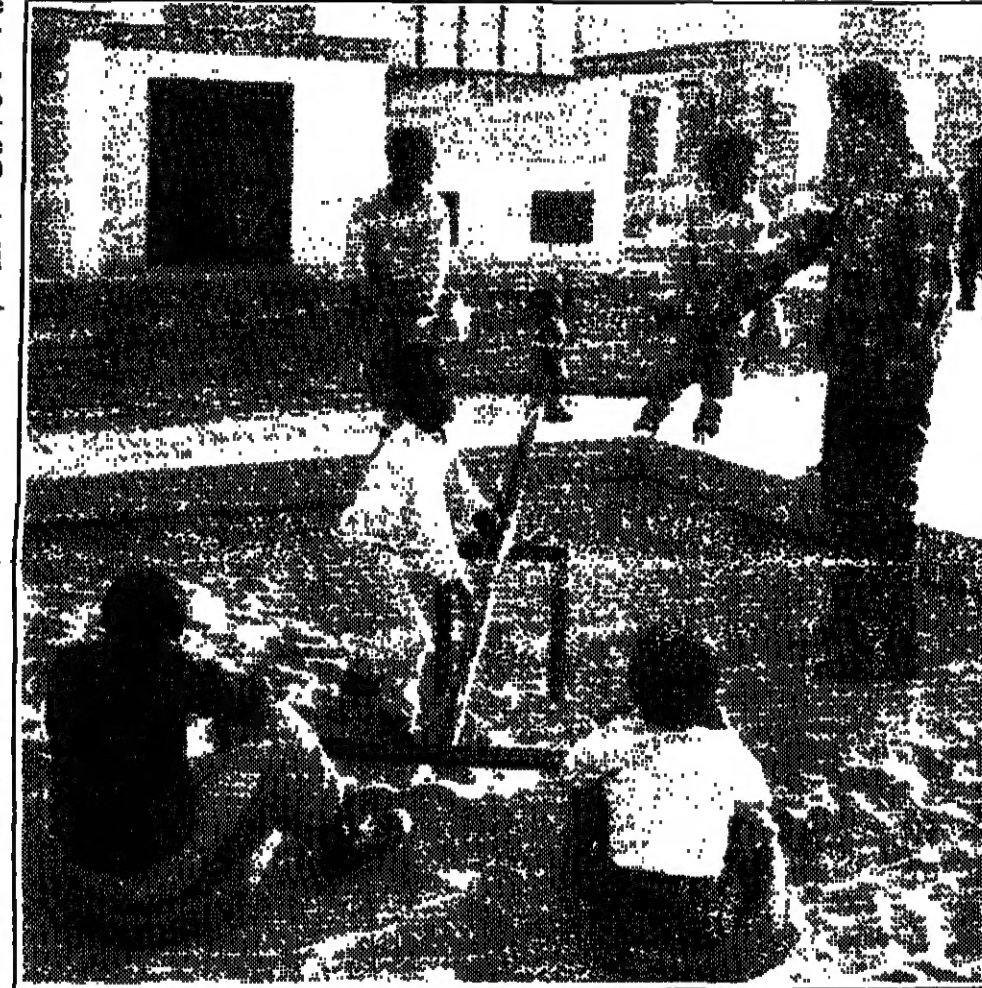
Renault was nationalized in 1945 and, until recently, was portrayed by the current French government as a model of how state-owned enterprises should be run.

Renault, its unions and the government have resisted major reductions in the company's workforce, which is 98,000 in France, down from 103,000 at the end of 1983.

Officials of the ministries of industry and finance, who confirmed the 9-billion-franc estimate, said that they were studying measures to absorb the loss.

They said these might involve new loans from nationalized banks, fresh international financing generated by Renault, or direct aid that was previously earmarked for other state-owned companies.

"The government, which is also (Continued on Page 2, Col. 7)



Ethiopian children enjoying themselves outside their new homes in Eilat, Israel.
Culture Shock of Ethiopians in Israel
They Confront a New World, Frightened and Destitute

By Thomas L. Friedman
New York Times Service
JERUSALEM — When Ethiopian Jews first arrived at Shaare Zedek hospital in Jerusalem, nurses in the isolation ward where the Ethiopians were being treated started noticing a lot of bread crumbs around.

When they changed the sheets one day, they discovered why. The Ethiopian newcomers, who for the last few months had walked miles for a bit of food, were hiding part of each day's bread portion under their pillows and mattresses, fearing that the nurses were going to run out of provisions at any moment.

This is but one of the many stories told by the Israeli doctors, nurses and social workers who have treated the Ethiopian Jews during their secret arrivals over the last few months.

On Thursday, the government, acknowledging for the first time that it has been secretly airlifting the Ethiopian Jews, said more than 10,000 had been brought to Israel in the last few years.

A decade ago, there were only about 200 Ethiopian Jews in Israel. Government officials said the rescue operation of the Ethiopians began around 1977 under the government of Prime Minister Menachem Begin.

For the Ethiopians, Israel appears as a strange place of unimaginable abundance where people are nice to them for no apparent reason.

"We found in their behavior symptoms similar to those found in concentration camp survivors," said Dr. Chaim Hershko, who is head of the department of internal medicine at Shaare Zedek Hospital, where many of the Ethiopian Jews have been taken. "They (Continued on Page 2, Col. 3)



President Reagan with Interior Secretary William P. Clark.

Few in California Cadre Remain With Reagan

By Hedrick Smith
New York Times Service
WASHINGTON — Two high-level resignations from the Reagan administration within a week reflect a continuing cleavage that has developed within President Ronald Reagan's inner circle and may soon leave him without any of his long-

time California associates in his top staff.

Although resignations are common at the start of a president's second term, some close political allies pointed out that the departures would highlight the rivalry and feuding that have gone on between ideological conservatives and pragmatists at high levels of the administration.

They also privately expressed concern that President Reagan's loss of longtime high-level associates reflects a certain loss of momentum and enthusiasm within the administration compared with four years ago.

"There's no game plan, no clear strategy now, the way there was in 1981," said a Reagan associate, speaking privately. "The glue that holds people together isn't there now in the same way. You can sense disarray."

Ardent adherents of the New Right — the younger, more ideological Republicans who are pushing particularly hard for conservative action on social issues — expressed the fear that their leaders were losing out, leaving pragmatic-minded advisers with greater influence on Mr. Reagan on both domestic and foreign policy. That would subtly change the political complexion of the administration in its second term.

Scientist Says Water Caused Bhopal Leak

NEW DELHI — Water entering an underground storage tank probably caused the Bhopal gas disaster in which at least 2,000 people died, India's top government scientist was reported as saying Friday.

The Press Trust of India news agency said, Scinivarsan Varadarajan, scientific adviser to the government, said at a meeting of the Indian Science Congress in Lucknow that the water set off a violent reaction in liquid methyl isocyanate stored in the tank at a pesticides factory owned by the Union Carbide Corp.

"Just half a kilogram [one pound] of water entered the underground methyl isocyanate tank," the Press Trust quoted Mr. Varadarajan as saying.

This triggered "a runaway reaction that probably pulled the entire tank from its concrete shield." He gave no indication of how water entered the tank.

Clouds of poison gas escaped from the tank Dec. 3 and spread over Bhopal in central India in the worst industrial accident ever.

The explanation by Mr. Varadarajan, who led the government team that investigated the tragedy, was the first official account of the reason for the disaster.

U.S. Doctors Report
Michael Wines of the Los Angeles Times reported in Washington: Survivors of the Bhopal disaster are suffering far fewer lasting health problems than was first feared, but the lives of thousands still may be shortened by chronic lung disease and other respiratory problems, two American doctors said Thursday.

The doctors said that the health outlook was especially uncertain for children under age 8, whose lungs were not fully developed.



Edwin Meese III

expressed the fear that their leaders were losing out, leaving pragmatic-minded advisers with greater influence on Mr. Reagan on both domestic and foreign policy. That would subtly change the political complexion of the administration in its second term.

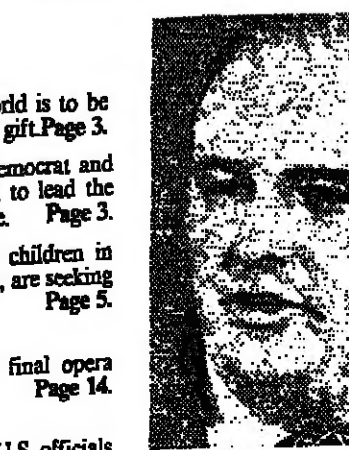
Personal rather than political factors were cited in the announced resignations this past week of two of President Reagan's most intimate longtime lieutenants, Michael K. Deaver, the White House deputy chief of staff, and Interior Secretary William P. Clark. In addition, (Continued on Page 2, Col. 2)

INSIDE

■ The largest telescope in the world is to be built in Hawaii with a \$70-million gift. Page 3.
■ Representative Les Aspin, a Democrat and Pentagon critic, has been elected to lead the House Armed Services Committee. Page 3.
■ Hundreds of Japanese, left as children in China at the end of World War II, are seeking relatives in Japan. Page 5.

ARTS/LEISURE
■ Leontyne Price has made her final opera curtain call in New York. Page 14.

BUSINESS/FINANCE
■ The European Community and U.S. officials have reached agreement on EC steel pipe exports. Page 7.



Les Aspin

Israelis Fear Disclosure Of Aid to Ethiopian Jews Could Endanger Airlift

TEL AVIV — Israeli officials voiced concern Friday that international publicity might endanger the airlift of Ethiopian Jews to Israel and an inquiry was ordered into press disclosures about the operation.

Ethiopia accused Sudan on Friday of collusion with Israel in what it called illegal trafficking in Ethiopian nationals. A Foreign Ministry statement condemned a "conspiracy between the Sudanese government and foreign powers in the illegal trafficking of Ethiopians from Sudanese territory to Israel and other countries."

The statement said it was known that a large number of Ethiopians had recently been crossing the border into Sudan as a result of drought or due to "forced persuasion" by anti-Ethiopian elements operating in that country.

The airlift, an open secret in Israel for months, has been reported prominently in the world media since Sudan allowed foreign correspondents to file stories about it on Thursday.

Israeli officials say more than 10,000 Ethiopian Jews, known as Falashas, have been brought to Israel, many in an airlift that began in November. Immigration officials estimate that more than 12,000 Jews remain in the villages of Ethiopia's Gondar region.

Israeli radio quoted Ethiopian immigrant leaders as saying that disclosures about the airlift could have grave consequences for the

Ethiopian Jewish community and that the operation should have remained secret until the last Jew was out.

Yehuda Dominitz, director of the Jewish Agency's immigration department, said that an inquiry had been ordered into the leaks. Some newspapers have suggested that an interview that Mr. Dominitz gave to a West Bank Jewish settlers' magazine, Nkuda, set off the disclosures.

Chaim Aharon, head of the Jewish Agency, announced Thursday that he was suspending the immigration director, Mr. Dominitz turned up for duty Friday, however, and said he was working normally.

"Nobody knows what consequences this publicity will have," Mr. Aharon said. "Israel and Ethiopia have not had diplomatic ties since a pro-Soviet Marxist regime took power in Addis Ababa 10 years ago."

Israeli military censors now are allowing correspondents to report some details of the airlift. According to Western sources, Ethiopian Jews are leaving by way of Sudan. Jews in the United States are helping to finance the airlift, code-named "Operation Moses," in private fund-raising appeals in New York.

Officials said it had become increasingly difficult to conceal the operation, partly because of the effort necessary to absorb the immigrants in Israel.



Ethiopian children with their Hebrew teacher and an Israeli friend in an absorption center.

Ethiopians Confront Culture Shock in Israel

(Continued from Page 1)

is a very painful problem. I will never forget what a beautiful 14-year-old Ethiopian boy said to me: 'We, the black Jews, are happy that there are white Jews. I'm not sure that all of the white Jews are happy that there are black Jews.'

Those Ethiopians found to have serious health problems are usually sent to Shaare Zedek Hospital, where they are kept together in a special ward for tropical diseases.

"We are seeing infectious diseases we have not seen since medical school," Dr. Herskko said. The diseases include tuberculosis, malaria, typhoid, jaundice, dysentery and malnutrition.

When they first arrived in the hospital, said Amalia Oren, a Shaare Zedek social worker, many of the

Ethiopians were afraid of the Israelis in white uniforms.

They would hide under the bed sheets or cover their heads with a towel, he said.

But gradually, the barriers broke down.

There was a major problem finding the right kind of food for the new arrivals, Mrs. Oren said. Normal Israeli hospital fare includes things like yogurt, fresh avocados, cheese, bottled milk and boiled meats, none of which were part of the Ethiopians' traditional diet.

"They wanted only rice and potatoes," Mrs. Oren said, "so now we bring them one pot of rice and potatoes and they all sit around a table together and eat. We have added milk to the rice to make sure they get enough nutrition."

Rival Militias Delay Lebanese Plan for Move Along Highway



Eric Wehrli

BEIRUT — A three-hour meeting of rival militia representatives ended in deadlock Friday blocking plans to deploy Lebanese troops along a key coastal highway leading to Israel's front lines in southern Lebanon.

The main antagonists, the Christian and Druze militias, blamed each other for the deadlock, and the delegate representing the Amal, the Shiite Muslim militia, walked out in anger, officials said.

The Christian and Druze militias control the coastal highway the Lebanese Army plans to use for its move southward. The Shiites have no presence on or along the highway.

Meeting in the presence of Lebanese police commanders ordered to supervise the deployment, the Christian and Druze militias argued and haggled over "everything from where the soldiers will stay, how many will patrol which route and how many will man which checkpoint where," a conference source said.

"There is just no trust between the Christian and Druze militias," the sources said. "The whole deployment plan is hanging in the balance, and it would be strange if anything short of an emergency cabinet meeting or direct Syrian mediation could break the deadlock."

Minutes before the meeting broke up, the Shiite militia repre-

sentative walked out of the conference room after telling those present he would not return unless they agreed on the deployment.

No date was set for the group's next session.

Lebanese officials hope the army's deployment to the Israeli front lines at the Awali River in southern Lebanon will put the army into position to take over the region if Israel's troops are withdrawn.

Israel, which invaded Lebanon in 1982, has said the Lebanese Army is incapable of controlling the region and preventing attacks on Israel's northern border. The issue has become a stumbling block in troop withdrawal talks between

the two countries. The talks resume Monday.

Elsewhere in the capital, protesting parents and relatives of kidnapping victims opened some of the roads linking the Christian and Moslem halves of Beirut.

On the fate of the Swiss chargé d'affaires, Eric Wehrli, kidnapped Thursday by four gunmen as he drove from work to his home in the seafarmer area of Raouche.

In Bern, Swiss officials speculated that the abduction could be linked to the arrest of a Lebanese man in Zurich in November. The man was arrested at the Zurich airport with explosives. He reportedly said he was on his way to Rome to join an attack on the U.S. Embassy.

Deficit Will Grow Again, Stockman Warns

(Continued from Page 1)

\$130-billion area to be a significant achievement," the administration official said.

Mr. Stockman also told Republicans that the projections on the deficit were now higher than in December, which is one of the reasons the administration falls so far short of the original goal.

He told them that an across-the-board, one-year budget freeze, including military spending and spending on Social Security, would not be enough to reach the \$100-billion deficit goal.

The freeze concept is popular on Capitol Hill because it does not eliminate or cut many popular domestic programs, as the Reagan plan would. Also, there would be savings from a freeze of the military budget, a move Mr. Reagan strongly opposes.

"It's a little worse than I thought," Senator Dole said after the meeting with Mr. Stockman. "The numbers are bigger."

But rather than rejecting Mr. Reagan's goal, Senator Dole submitted legislation that would make the \$100-billion deficit target in 1988 a law. He and other senators also said that eliminating the Social

Security cost-of-living increase for one year and making major reductions in the military budget would have to be considered.

Senator Dole and other senators acknowledged that a freeze would not achieve the \$100-billion goal. But he said later that "it still will be the centerpiece of any plan."

"He showed us exactly where we are," the Republican whip, Senator Alan Simpson of Wyoming, said after Mr. Stockman's briefing.

Senator Simpson said that a one-year freeze or eliminating all cost-of-living increases would have to be part of any package.

"We have to go back to the basics, which are catastrophic health care, income supplements for Social Security and a defense that is appropriate without the tremendous outlays that are there," he said.

The new deficit projections are \$218 billion in 1985, \$225 billion in 1986, \$240 billion in 1987 and \$235 billion in 1988. These compare with projections made in late November of \$223 billion in 1985, \$214 billion in 1986, \$232 billion in 1987 and \$224 billion in 1988. The deficit in 1984 was \$185 billion.



David A. Stockman

Few Remain of Reagan's California Cadre

(Continued from Page 1)

Edwin Meese 3d, counselor to the president, will probably be leaving the White House soon to become attorney general. He was nominated for the position Thursday by President Reagan.

Those three advisers had been the main holdovers from Mr. Reagan's tenure as governor of California. Mr. Meese and Mr. Deaver

have been in the White House since 1981, the beginning of Mr. Reagan's first term, and Mr. Clark served as President Reagan's national security adviser from January 1982 to November 1983.

Their departures, other officials say, signal both their fatigue from demanding jobs and a lack of opportunity to move into the advisory position of greatest influence, White House chief of staff.

There is also, officials say, a broader understanding that President Reagan has only eight or nine more months to score major achievements in domestic affairs. Concern about what is seen as a limited window of political opportunity has left some officials feeling that this coming spring is a wise time to make a change.

For months, both Mr. Deaver and Mr. Clark had advised close associates that they were eager to return to private life, either to relieve financial strains on their families or to be free of the intense pressures of high posts.

But as representatives of rival policy factions within the administration, with Mr. Clark generally taking the more conservative position, each was reported by close colleagues to have been frustrated by internal power struggles including policy and personal clashes with each other.

With the president's re-election, Mr. Deaver was understood to have aspired to replace James A. Baker 3d as White House chief of staff, if Mr. Baker left the administration. Conservatives had pushed Mr. Clark for that post, hoping he would replace Mr. Meese as their principal avenue to the president. But President Reagan asked Mr. Baker to stay on.

"Clark was frustrated by the power struggles that were going on, according to the people around him," said Howard Phillips, chairman of the Conservative Caucus. "He read the tea leaves and saw that the president did not have a significant role for him to play in the second administration."

Fewer Jews Emigrating From Soviet

By William G. Blair

New York Times Service

NEW YORK — The number of Jews permitted to emigrate from the Soviet Union dropped below 1,000 last year for the first time since 1970, according to American Jewish officials.

From a peak of 51,320 in 1979, the number of emigrants declined to 896 in 1984, according to officials of the National Conference and the Greater New York Conference on Soviet Jewry.

At a news conference Thursday, the chairman of the two groups, Morris B. Abram of the National Conference and Herbert Kronish of the Greater New York Conference, described 1984 as "a bleak year" that was "dominated by harassment and a new wave of arrests and persecution" of Soviet Jews, particularly Hebrew teachers and other cultural activists.

The officials asserted that the Soviet government was engaged in "a systematic campaign to disrupt all Jewish religious and cultural activities" that threatened "the very survival of Judaism in the Soviet Union."

They estimated that 20,000 of the more than 350,000 Soviet Jews who have taken the preliminary steps in the long emigration process have been turned down officially by the Soviet authorities. The Jewish officials said there were 2.5 to 3 million Jews in the Soviet Union. The two men called on Secretary of State George P. Shultz to raise the issue of the plight of Soviet Jewry with Andrei A. Gromyko, the Soviet foreign minister, when arms limitation talks resume next week in Geneva.

Mr. Abram said the two groups have received no assurances from the Reagan administration that the rights issue would be included in the Geneva talks. But he added that he had "no reason to doubt that it will be raised at Geneva."

Mr. Abram and Mr. Kronish also appealed to Konstantin U. Chernenko, the Soviet premier, to permit the emigration of Soviet Jews "in significant numbers."

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Pole Testifies He Received Assurance of Protection

The Associated Press

TORUN, Poland — A secret police lieutenant testified Friday that his captain assured him he would not be prosecuted for the killing of a pro-Solidarity priest because the Interior Ministry officials investigating the slaying were "good guys."

Lieutenant Waldemar Chmielewski nearly wept as he testified that he twice turned away in horror as the captain, his commanding officer, beat the Reverend Jerzy Popieluszko before the priest died.

Friday was Lieutenant Chmielewski's third day on the stand and the fifth day of the trial, in which he and three other security officers are charged in the October abduction and killing of Father Popieluszko.

Lieutenant Chmielewski, 29, Lieutenant Leszek Pekala, 32, and Captain Grzegorz Piotrowski, 33, are charged with abducting and murdering the priest. A fourth officer, Colonel Adam Pietruszka, 47, is charged with aiding and abetting his three subordinates. They face possible death penalties if convicted.

Lieutenant Chmielewski said that three days after the killing, he asked Captain Piotrowski what the officers should do to protect themselves from arrest and prosecution.

"I was told there was nothing to worry about," he said. "Piotrowski said the people involved in the investigation are good guys."

Asked to name the members of the investigating panel who were mentioned by Captain Piotrowski, Lieutenant Chmielewski said they included General Zenon Plek and Zbigniew Jablonski, both officials of the Interior Ministry. Colonel Pietruszka was also a member of the investigating commission.

It was announced Nov. 2 that General Plek, who reportedly directed the Interior Ministry's section on the Roman Catholic Church, had been suspended from duty for failure to supervise properly.

Lieutenant Chmielewski disputed the findings of the autopsy report, which said the priest died of strangulation or suffocation. He said that "no person could have survived so many blows to the head."

"I am convinced that the cause of death was beating," he said. The officer, stuttering nervously, described why, despite his captain's assurances, he decided to cooperate with investigators after his arrest, leading them to the priest's body.

Lieutenant Chmielewski, his pregnant wife sitting in the audience, sobbed and said that "for all practical purposes, I have lost my family." After regaining his composure, he went on: "I had to consider that the priest also had a family — the people who were suffering. That could not be hidden."

Lieutenant Chmielewski said he and Lieutenant Pekala at least twice asked Captain Piotrowski to leave the priest alive on the side of the road. Both times, he said, they were ordered to "keep driving" toward the dam from which the three threw the priest into a reservoir with a sack of rocks tied to his neck. Father Popieluszko, a defender of the outlawed Solidarity free trade union movement, was abducted on a highway north of Torun on Oct. 19. His body was pulled from a Vistula River reservoir 11 days later.

WORLD BRIEFS

Justice Powell Has Cancer Surgery

WASHINGTON (AP) — Justice Lewis F. Powell of the U.S. Supreme Court underwent surgery for prostate cancer Friday and was reported in excellent condition.

Justice Powell, 77, is expected to remain in the Rochester Methodist Hospital, in Rochester, Minnesota, for 10 days to two weeks, the Supreme Court public information office said.

Toni House, spokeswoman for the court, said the cancer was discovered during a recent routine physical check-up. She said she had no further details on the surgery or what further treatment, if any, Justice Powell would receive.

U.S. Gives Asylum to Soviet Physicist

WASHINGTON (AP) — The United States has granted political asylum to a Soviet physicist whose seniority and credentials place him in the top rank of defecting scientists.

Artem V. Kulikov, 51, was returning to the Soviet Union on Dec. 24 after finishing a three-month assignment as an exchange scientist in a U.S. nuclear research laboratory in Batavia, Illinois, when he requested asylum at Chicago's O'Hare International Airport. The State Department said Thursday that the request had been granted.

Mr. Kulikov is believed to be the first Soviet high-energy physicist to seek asylum in the United States. He was a senior physicist and chief engineer of the Leningrad Institute of Nuclear Physics and had been working with three Soviet colleagues at the Fermi National Accelerator Laboratory in Batavia, west of Chicago.

3 Are Charged in Bombing in Britain

LIVERPOOL, England (AP) — Dozens of policemen guarded a Liverpool court Friday as two Irishmen and a Briton charged with a bombing in Britain appeared. The men were ordered held until Jan. 11, and no details were released about the charges.

The Irishmen, Patrick Brazil, 34, and William Grimes, 43, and the Briton, Peter Jordan, 60, were arrested Dec. 24 and held under Britain's Prevention of Terrorism Act, which permits the police to hold suspects for a week before bringing them to court. The men's lawyers made no application for bail.

The men are charged with conspiring to cause an explosion likely to endanger life and property. Under court-ordered restrictions, details of the charges may not be published.

The last major terrorist bombing in Britain was an Oct. 12 attempt by the outlawed Irish Republican Army to assassinate Prime Minister Margaret Thatcher in a Brighton hotel during a Conservative Party conference.

Nicaraguan Politician Backs Rebels

WASHINGTON (WP) — Arturo José Cruz, leader of the democratic opposition to the Nicaraguan government, has shifted his position to endorse continued U.S. funding for the rebels fighting the Sandinist government.

Mr. Cruz said it would be "a terrible political mistake" to end the U.S. aid program before the Soviet bloc halted aid to the Nicaraguan government. He also asked other governments and private organizations to demand steps toward democratic reform as a condition for further aid to Nicaragua.

His support was a help to the Reagan administration, which regards continued rebel attacks as crucial to its policy of pressuring the Sandinists toward regional peace talks and domestic political concessions. Mr. Cruz had previously said that the rebels provided the Sandinists with an excuse to tighten repression.

For the Record

The world chess champion, Anatoli Karpov, and his challenger, Gary Kasparov, agreed to a draw Friday in the 38th game of their marathon match in Moscow. Mr. Karpov leads 3-1 and needs one more victory to retain his title. (AP)

Striking seamen blockading four French channel ports threatened tougher action Friday after police cleared a quay, allowing a passenger ferry to leave Calais for the first time since Monday. (Reuters)

A bomb planted by a leftist urban guerrilla group known as GRAPO exploded Friday in a shop in Madrid, slightly injuring one person, police said. (Reuters)

Prime Minister Turgut Ozal of Turkey will visit the United States from April 2 to 4, the Foreign Ministry said in Ankara on Friday. (Reuters)

Renault's '84 Loss to Hit Record 9 Billion Francs

(Continued from Page 1)

the company's shareholder, will draw the necessary conclusions about what is happening," an official said, adding that the loss figure "is quite a blow and follows some mistakes made by the company."

He and industry sources cited continuing delays in bringing to market Renault's completely redesigned R-5 compact car, and the company's apparent inability to take advantage of an increase in

worldwide demand for cars and trucks expected in 1985.

Bernard Hanon, who joined the company in 1959 and whose term as chairman was renewed indefinitely last May, has been increasingly pressured by the government to accelerate a management reorganization started in mid-December.

Company sources said the reorganization, which involved placing new executives in unprofitable sectors, would probably not stem losses in the near future, and that much would depend on the world market.

Renault and government sources emphasized that the main reason for the big loss last year was a fall in sales amid a sluggish world market.

"We were hit by the world problem," one of the sources said, adding that Renault's 1984 worldwide sales of motor vehicles slipped from a year earlier by 150,000 units to two million units.

Commenting on the loss, industry and government officials conceded that Renault faced severe problems, including excess manpower and a sluggish world market for motor vehicles. But they emphasized that Renault's main problem was poor management and that the responsibility for improvement rested with Mr. Hanon.

French government sources said that roughly 2 billion francs were lost because of the cost of retraining and resettling laid-off workers, 2 billion francs from losses in the company's truck division, and about 5 billion francs from its automobile sector.

According to industry reports in Detroit, most U.S. automakers, after greatly improved profits in 1983 and 1984, planned to build more cars during the first quarter of 1985, compared with the same period last year.

The two exceptions were Volkswagen of America Inc., a subsidiary of the West German automaker, Volkswagenwerk AG, and American Motors Corp., which is 46.4-percent owned by Renault.

AMC has said it planned to reduce production at its Kenosha, Wisconsin, plant by about 10 percent starting next week.

Edith Cresson, the French minister of industry and foreign trade, recently compared Renault to Peugeot SA, the privately owned French automaker that is also expected to report a loss this year.

In an interview with L'Usine Nouvelle, a business magazine, Mrs. Cresson said that Peugeot was "well managed," and urged Renault to step up the streamlining of its management and to work to improve earnings.

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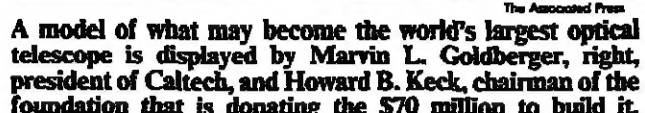
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ACT NOW - WORLD EVENTS CHANGING FAST

السنة الأولى

By Sandra Blakeslee

Marvin L. Goldberger, Caltech's president, said he and colleagues

Second, a highly precise method of computer control has been developed to keep the mirrors properly aligned as a single light gathering unit. A computer will check each



mirror's position 300 times a second and will simultaneously correct the position of each one.

The Associated Press only surprise in a closed caucus of minority party to really control it," compromise through the House

Mr. Aspin's selection was the

Price the committee has been moving toward the right on defense issues.

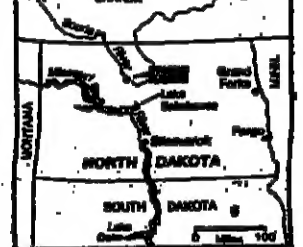
Mr. Roth was jailed Nov. 13 for defying a court order that he obey

The Associated Press

Mr. Roth was jailed Nov. 13 for 90 days for contempt of court, for defying a court order that he obey his bishop and step down as pastor.

Mind Over Mercury Up in North Dakota

CANADA



NYT
Too cold for crime.

ing population, Minot, population 33,000, is looking for new business and industry. The city's rhyming motto: "Why not Minot?"

But Minotans don't mind the cold. S.L. Olsen, head of the chamber of commerce, said, "Anytime you ask about the cold here, people will tell you, 'Keeps the riffraff out.'"

"Keeps the riffraff out," Sergeant William Fleisch of the Minot police department said when asked if he minded the cold. "Try panhandling in this weather, and after 30 seconds your hands fall off."

Equal Access Law Backfires in Boulder

Ski Club doesn't. No religious group will be curriculum-related, he says, so all will be banned.

**On a Clear Day
You Can See L.A.**

In 1984, for the first time since scientists began to record the levels of lung-rasping ozone 30 years ago, the Los Angeles basin passed a year with no second-stage smog alerts, when ozone levels reach .35 parts per million for an hour and factories and schools either close

or severely curtail activities. Since the record 23 second-stage alerts in 1978, the number of such episodes has steadily declined. There were three in 1983.

But despite California's unusually strict pollution controls, the traditional Los Angeles haze persists. There were 94 less serious first-stage alerts last year, when the ozone level reaches 2 parts per million for an hour, drivers are asked to avoid unnecessary trips, and the very young and very old are urged to stay indoors.

New Jersey Police Go Fishing for Cars

Not all cars involved in insurance fraud go to "chop shops" where they are dismantled and the parts resold. New York and New Jersey police have concluded that some owners simply dump their cars in the river, report them as stolen and collect the insurance.

Police divers in Edgewater, New Jersey, across the Hudson River from New York City, have fished out 27 cars that had been rolled off a disused pier into 45 feet (14 meters) of water. They say about 40 more

Many of the recovered vehicles are expensive, late-model cars and nearly all had been reported stolen by their owners. Many still had the keys in the ignition.

Short Takes

Before 1979, only five states — Iowa, Nebraska, Oregon, New Jersey and Delaware — had laws allowing prosecution of husbands for raping their wives. In the past six years, however, 18 more states have been added to the list, and campaigns are under way in an additional 13 states to outlaw marital rape, a potential total of 36 out of 50 states.

New Jersey has enacted a law requiring casinos to invest 1.25 percent of their gross revenues in projects to redevelop Atlantic City, where the casinos are, and other blighted cities in the state. The measure is expected to yield about \$1.6 billion over the next 25 years.

Michigan lawmakers who defeated mandatory seat belt legislation received Christmas cards from Dr. Beverly Anderson, a psychiatrist and medical examiner, containing gruesome color photographs of violent traffic deaths. Dr. Anderson said she could not force legislators to vote for seat belts, "but I can tell them to think."

Random Thoughts Concerning Politics

A sampling of quotations from "A Guide to the 99th Congress," a 1985 datebook, calendar and reference manual published by LTV Corporation, an aerospace and energy company:

John Kenneth Galbraith, the economist: "Nothing is so admirable in politics as a short

Lyndon B. Johnson: "I seldom think of politics more than 18 hours a day."
Anonymous: "To err is human, to blame it on the other party is politics."

—Compiled by
ARTHUR HIGBEE



**It takes a special kind of knowhow
to cultivate the perfect pearl.**

Great ideas are like pearls. In the beginning, they're hardly more than a seed. However, given the right kind of environment, a good idea can mature into a radiant reality. Much like a grain of sand can become the perfect pearl.

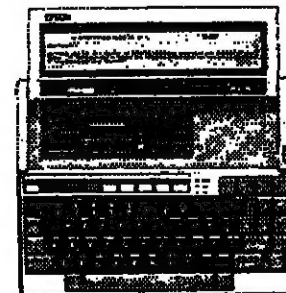
At Epson, we know how to cultivate the kind of ideas that will produce products people can trust. We approach every idea from the very beginning. We carefully evaluate its worth, and before proceeding any further, we examine its applicability. If we find any flaws, any imperfections, we stop.

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Herald Tribune

Published With The New York Times and The Washington Post

The Big News Is Chinese

The biggest news of 1984 and perhaps even 1985 may turn out to be the piecemeal revolution that is transforming China. Change and reform have gone so far that the Chinese Writers' Association now demands the once unthinkable: real artistic freedom. In the moving words of the group's 80-year-old chairman, Ba Jin: "We yearn for China's Dante, Shakespeare, Goethe and Tolstoy to appear." More remarkably, Mr. Ba's sentiments were seconded by a Communist leader who assured writers that "literary creation must be free."

Given recent Chinese history, these stirrings need to be weighed cautiously. In 1957 Mao called for a hundred flowers to bloom; then came the sickle. During the Cultural Revolution in the 1960s writers who yearned for a Chinese Shakespeare were turned into plumbers, as happened to Ba Jin. Six years ago Mao's heirs permitted a "democracy wall" in Beijing, then jailed those who used it. But now Deng Xiaoping, the shrewd reformer who survived Mao's jails, has loosed a flood of change. A new slogan was unfurled — "one flag, two systems" — to justify promising a capitalist future to Hong Kong and autonomy within union to Taiwan. Market incentives were introduced to increase food production. Foreign investment was welcomed to modernize a backward economy. Having won the friendship of a wary President Reagan, Mr. Deng reassures nonalignment by coining \$1.8 billion

in trade and aid from Moscow without yielding on ideological or diplomatic differences. As Mao never said, a thousand steps can succeed where a great leap forward fails.

To be sure, Mr. Deng is a Communist, and sprouting some capitalism is easier than tolerating some freedom. But each inroad into dogma erodes its authority. Horrified old Maoists understand this all too well. So does Mr. Deng, an octogenarian who is reaching for allies among the young. If he brings a new breed into power, China's third revolution may prove more lasting than Sun Yat-sen's attempt to build a republic and Mao's campaign to turn China into a vast commune. Communism can be humanized by Communists. The crimes of Stalinism were exposed by Nikita Khrushchev, who curbed blood purges. The leaders of Hungary's rebellion in 1956 were Communists, as were those of the Prague spring in 1968 — experiments aborted by Soviet invasions. By contrast, Mr. Deng's most dangerous opponents are internal: the armed forces and a dogmatic old guard within the party. But time and again his personal authority has tipped the balance. This subliminal, sensible pragmatist confidently proclaims a permanent "open door" to the West. The hard task is to welcome the ideas of Jefferson, but it no longer seems unthinkable in a China willing to admit Goethe and Tolstoy.

— THE NEW YORK TIMES.

Fault Isn't Only Japanese

President Reagan's long lunch with Prime Minister Yasuhiro Nakasone was evidently a very pleasant and relaxed affair. A number of people in the administration are currently very irritated with Japan, but the president is not one of them. They are mostly trade specialists who accuse the Japanese of resorting to unfair restraints to hold down their imports from the United States. The trade specialists in any administration are always uneasy about this tradition of warm meetings between the heads of the two governments. In talks at that level, the trade quarrels are always balanced — wisely — against the strategic and political interests that the two countries share. Approached that way, the trade agenda usually seems a little less urgent. A succession of presidents has chosen not to press the Japanese as hard, personally, as their trade negotiators would have liked — not to mention the American exporters who egg the negotiators on.

After their meeting this week, Mr. Reagan and Mr. Nakasone said they would set up discussions of ways to open Japanese markets wider. That is a reasonable idea, but hardly a new one. The U.S. government has been complaining for years that bilateral trade is unbalanced in Japan's favor. Periodically the negotiators sit down and, in time, produce a series of measures that are supposed to open up the Japanese market and put things right. But

when the same people sit down again a year later to talk about the same complaints the imbalance is usually bigger than ever.

Perhaps it will be different this time. But there are two factors — one on each side — that will limit the success of even the most vigorous efforts to increase U.S. sales to Japan. On the Japanese side, the barriers to imports these days are not the kind of legal quotas or regulations that a government can cancel. The real barriers are attitudes: a cautious inclination to prefer Japanese products and to avoid becoming dependent on any foreign source of supply in any but utterly unavoidable cases, such as industrial raw materials. Opening up the market to manufactured imports takes not government decisions but an extraordinary amount of salesmanship and cajoling.

On the American side, there is the reality that the dollar's exchange rate is now extremely high. Against the yen, in terms of the things it can buy, it is now overvalued by about one-fourth. A Japanese buyer has to want an American product badly enough to pay a 25 percent premium over the price of its Japanese competitor — or, for that matter, its French or German competitor. As long as American fiscal mismanagement perpetuates an overvalued dollar, the prospects of reducing trade deficits through exportation will be dim, at best.

— THE WASHINGTON POST.

Other Opinion

The World Watches Geneva

Deciding the fate of humanity is no small responsibility. On Jan. 7 and 8 that responsibility, defined as such last month by United Nations Secretary-General Javier Pérez de Cuellar, is in the hands of two men. It is an awesome task which faces George Shultz and Andrei Gromyko when they meet in Geneva for the latest round of talks on nuclear arms control. The Pope was right when he said on New Year's Eve that the only chance for a lasting peace was a radical change in international relations. Let us hope that Geneva, 1985, signals a step toward this. Then "star wars" can go back to Hollywood.

— Business Times (Singapore).

The initiative lies with the United States. Mr. Gromyko must understand that it is not enough to drop preconditions for a return to the negotiating table. The Soviet Union will have to do something about its offensive nuclear arsenal if it really wants concessions.

— The Daily Telegraph (London).

Nakasone Needs 'Firm Resolve'

The latest Japanese-U.S. summit meeting was held at the right time, considering that U.S.-Soviet talks are at hand and that the Reagan administration is working out its second-term policies. It was also timely since Japanese-U.S. trade friction appears to be bubbling to the surface again.

We hope that a U.S.-Soviet summit will be held as early as possible and lead to nuclear disarmament. During the talks the U.S. must

preserve its unity, and any necessary defense buildup should be carried out as planned.

In the economic sector, it was natural that the Japanese-U.S. summit focused on the trade imbalance between Japan and the United States. The fact that Japan's trade surplus amounted to nearly \$35 billion last year is cause for criticism of Japan among Americans. Mr. Nakasone must accomplish the opening of the Japanese market with firm resolve.

— Yomiuri Shimbun (Tokyo).

The PLO's Dilemma Remains

In spite of the renewed activity among Arabs anxious to see the beginnings of a new Middle East peace process, it is not possible to be sanguine about the immediate results. The recent meeting of the Palestine National Council in Amman, though it was another success for Yasser Arafat in that it took place at all, did not and could not resolve the Palestinians' central dilemma. Unless they recognize Israel's legitimate place among the nations of the Middle East, they cannot expect a change of mind in Israel toward the PLO, or the support which they need from the United States. Once recognition is bestowed, however, they have nothing left to negotiate with: nothing remains in their hands to give. When the Palestinians are accused of dealing entirely in ruses, winks and qualified hypotheses, the accusation may be fair but the defense against it is valid. This is by no means the only obstacle to success which the Palestinians face, but it is the most serious diplomatic difficulty in the way of getting negotiations started.

— The Guardian (London).

Europe's Good Old Ways Aren't the Way Forward

By Giles Merritt

This is the second of two articles.

BRUSSELS — In tomorrow's world, people involved in the processing of information will be recognized as producing the same sort of basic raw material as do steelworkers today. Yet confusion over the different value of service and manufacturing jobs persists in Europe as elsewhere — and perhaps more in Europe than elsewhere. European policymakers' efforts to revitalize industry are dogged by the fact that most Europeans would prefer a return to the good old days, rather than venture into a sci-fi future.

Such conservatism is fundamental to Europe, whereas for people in most other parts of the world — and still to some extent in America, too — technological change carries a promise of better times to come. For Europe, technological change means industrial restructuring, and industrial restructuring is notoriously a euphemism for sweeping job losses and misery in outmoded 19th century industrial townships across Europe. Politically, even for hard-nosed governments like Britain's Thatcherites, there is much to lose and all too little to gain from the streamlining of the old industries that still account for some 35 percent of all manufacturing jobs in the European Community.

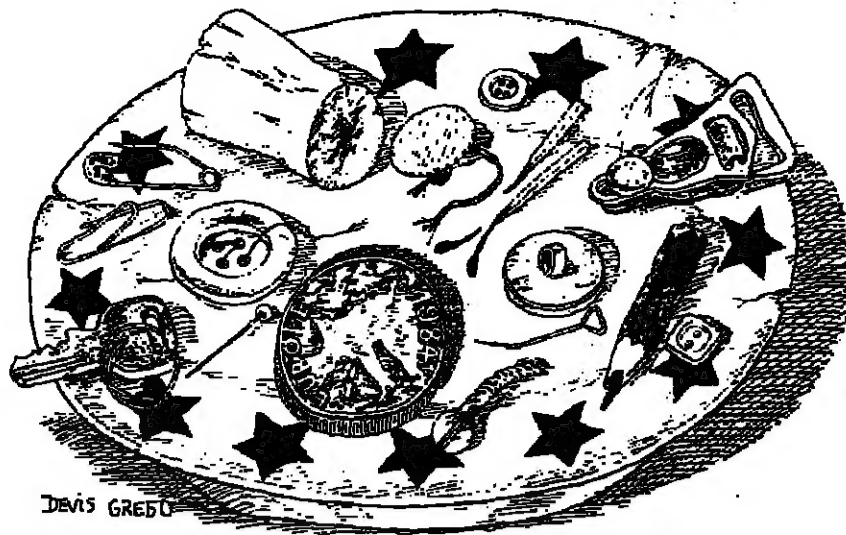
The price to the EC has been that in the short span of the 1970s it threw away what had seemed an impregnable scientific and technological lead. While European industrialists and their various finance ministry bankers waited despairingly for an upturn to res-

cue traditional sectors like steel, shipbuilding and textiles, the Japanese had unsentimentally begun to abandon them and move into the new technologies they now dominate.

Just how sharply Europe had gone into decline was for a while hidden from sight. To some extent the ambiguous role in Europe of American-owned multinational corporations makes it hard to spot the shortcomings of EC industry. But of late the European Commission has been pounding out the message that the EC's share of the world market for information technology is half what it should be. Worse, Europe's appetite for the new wealth-creating technologies is also being diminished by this new backwardness.

A consultants' study by McKinsey & Company recently warned the Community that by 1992, unless a miracle occurs very soon, Europeans will be consuming less than half as much electronic equipment per head as Japanese and Americans. Other warnings have pointed out that the EC's natural share of the information technology market should be 30 percent and not the present 15 percent, and that by the early 1990s its share will have slid further to just 10 percent of a world market likely to be worth \$1 trillion a year.

Pressure for new industrial policies to help turn Europe around has thus become so great that it is at last counteracting the forces of conservatism. Most EC countries — even France and Italy — have come to see that their attempts to protect their national high-



DAVID GREU

tech sectors are in fact sentencing them to death. Action programs at EC level are now proliferating in telecommunications, microelectronics and various biotechnologies.

Yet recognizing that European countries must start to pull together if they are to close the yawning technology gap still does not add up to a coherent industrial policy for Europe. In the 1970s there was a vogue for transnational mergers in Europe; for a while they seemed the answer to fragmentation and the lack of a genuine common market. Since then, however, such partnerships as the Hoechst-Hoogovens German-Dutch steel venture, the VFW-Fokker aviation pact or the Dunlop-Pirelli tire-makers' marriage have all been destroyed. If anything, the trend nowadays is for European groups to ally themselves with American or Japanese competitors.

The result is that there has been no spontaneous unification of the EC's more advanced industrial sectors, nor is there likely to be. So any industrial policies aimed at harnessing

European economies of scale must first overcome the differences that separate the EC member states. Divergent technical standards, highly restrictive national government procurement practices and some stern EC antitrust laws all need thoughtful reform.

Sweeping away such nontariff barriers to trade is an important part of any strategy for the industrial regeneration of Europe. But it tends to be more of a slow unpeeling than a fast sweep, even though time is very short. The incoming president of the EC Commission, Jacques Delors, has already made it plain that when the new Commission takes over in Brussels on Monday the drive to develop such EC-level policies will be a top priority. In the capitals of the four largest member states, though, the accent remains on national interest. For the present, the best EC industrial policy that can be hoped for is a framework that will stop the member governments' national policies from clashing.

International Herald Tribune.

Geneva, 1985: Talks for an Agreement to Out-Talk the Hawks

By Joseph Kraft

WASHINGTON — "Jaw jaw beats war war" is the best that can realistically be said about the resumption of arms talks in Geneva on Monday. The only accord in sight is an agreement to keep talking. Hope lies in the possibility that serious negotiations will stretch out long enough to prevent the open break that American hawks seek in order to shatter the whole framework of arms control past, present and future.

Signs of Soviet seriousness in the approach to Geneva are particularly impressive. President Konstantin Chernenko has repeatedly said that agreement across a broad front is possible. Mikhail Gorbachev, the heir apparent, delivered the same message on a recent visit to Britain.

The Russian delegation includes three senior officials long involved in serious and occasionally successful arms control talks. The list is headed by Foreign Minister Andrei Gromyko himself, without whom no accord is possible. Deputy Foreign Minister Georgi Kornienko, a genuine expert known for being tough but serious, will also be on hand. Finally there will be Viktor Karpov, a self-assured veteran of many past negotiations.

The high quality of the Soviet delegation announces that Moscow has changed the psychological tone of its approach to the Reagan administration. Whatever their inner motives, the Russians want outsiders to believe they are serious about seeking arms control. Because of the recent

leadership switch, or because of the bitter setbacks occasioned by their negative approach to the first round of talks, the Russians are at pains to be seen cocking a respectful ear to what the Americans have to say.

A similar change in tone characterizes the evolution of the Reagan administration. Mr. Reagan came to office denouncing the SALT-2 treaty negotiated by Jimmy Carter with Leonid Brezhnev, the SALT-1 treaty put together by Richard Nixon and Henry Kissinger in 1972 and the test ban record worked out by the Kennedy administration in 1963.

The doctrine known as mutual assured destruction, or MAD, was central to all three accords. The basic idea was that neither superpower would attempt a serious defense against the missiles of the other side. The population of each country was, in effect, held hostage to the other. Thus at the heart of SALT-1 was a formal agreement by each side to limit drastically the building of antiballistic missile systems, or ABMs.

For three years the Reagan administration declared to the world its hostility to arms control. Apart from a huge defense buildup, Mr. Reagan personally called the Russians "liars" and "cheats" and other names that rule out the mere concept of accord. Then on March 23, 1983, Mr. Reagan suddenly unveiled what was, in effect, his dream machine for killing

MAD. He announced that research was under way on a scheme for an anti-missile defense that would render incoming missiles "impotent and obsolete." The proposal, known as the Strategic Defense Initiative and later baptized "star wars," was viciously attacked by arms control proponents on two grounds: It would not work as a total defense, and it would break the existing ABM treaty and force both superpowers into a new and dangerous arms race.

As 1983 drew to a close it became clear to the Reaganites that their position on arms control was politically costly. Allied leaders became itchy, and many Americans worried about

sliding into a nuclear war. So suddenly the White House began talking up peace and the need for competing powers to live together. In that changed atmosphere, in June 1984, the Russians proposed talks about "star wars." Washington replied with an OK, providing Russia's offensive weapons were also on the agenda. Thus were born the talks that bring Secretary of State George Shultz and Mr. Gromyko together in Geneva.

As preparations for the Geneva talks began in Washington, old arguments re-emerged. Mr. Shultz and Robert McFarlane, the president's national security adviser, seemed to emerge on top of the heap. Their

notion, apparently, was that if the Russians agreed to cut back offensive weapons, the United States would "out-restrain on star wars." But Mr. Reagan declared that he "would not give up the SDI or the opportunity to develop it."

That sounds like total deadlock, but time offers room for maneuver. As the two sides settle down to marathon talks it will become increasingly clear that "star wars" is a technological bust. Rather than go for a wash-out, Mr. Reagan will look toward some kind of accord. My theory is that George Shultz will know how to bring him there. After all, if arms control had been so easy to kill, it would have been dead long ago.

Los Angeles Times Syndicate.

1985: Time to Denounce Yalta Fraud

By George F. Will

WASHINGTON — Four decades of fraud are enough. The coincidence of the historical calendar and the quickening pace of what is called U.S.-Soviet "dialogue" make this the moment for the United States to denounce the agreements entered into 40 years ago at Yalta.

A chapter in the final volume of Churchill's history of the war opens with these words: "As the weeks passed after Yalta it became clear that the Soviet government was doing nothing to carry out our agreements..." Churchill was referring

especially to Poland, on whose behalf Britain had gone to war in 1939, when Moscow was Hitler's ally.

In February 1945 the Soviet Union began sealing Poland from Western eyes and destroying democratic elements. There were fewer of those elements than there might have been. When the Polish resistance rose in Warsaw against the Germans, the Soviet army loitered on the outskirts of the city to let the Nazis massacre the Polish freedom fighters, who would have been inconvenient for the arriving Soviet totalitarianism.

The Soviet Union compounded its crime by refusing to allow U.S. and British planes to land in Soviet-held territory after dropping supplies to the Polish resistance. This was six months before Yalta.

The Yalta conference ended on Feb. 11, 1945. On Feb. 27, Andrei Vyshinsky, the satanic prosecutor at the 1930s Moscow show "trials," arrived in Bucharest to demand that King Michael of Romania dismiss the all-party government. The next day, Churchill wrote, Vyshinsky returned to the king, "banged his fist on the table, shouted for an immediate acquiescence and walked out of the room, slamming the door. At the same time Soviet tanks and troops deployed in the streets of the capital, and on March 2 a Soviet-nominated administration took office."

The allies to work for open societies in Eastern Europe were forlorn attempts to blunt Soviet bayonets with parchment. It took six days for them to be revealed as an empty pretense. Yalta did not "give" Eastern Europe to the Soviet Union; the Red Army took it. But Yalta codified the West's wishful thinking about the Soviet Union. The coming Shultz-Gromyko session, like the arms control process generally, is another manifestation of the hope that if the Soviet Union can be talked into talking, and into adopting the forms of orderly relations, then the substance of such relations will somehow follow.

Perhaps we should periodically enter into agreements like those signed at Yalta or, 30 years later, at Helsinki, if only for what they can teach. That

is, such agreements can be useful because of the lesson that can be extracted from the instant and comprehensive Soviet violation of them.

The problem is that Western governments wind up teaching their publics precisely the wrong lesson. They refuse to teach the lesson by denouncing the agreements. Instead they convince themselves and their publics that there is something inherently wholesome in the mere "process" of producing agreements.

It may be argued that denouncing the Yalta agreements would be an empty gesture. Not true. It would be an act of public pedagogy, underscoring a lesson at a pregnant moment. Plans are now being made for commemorating the 40th anniversary of the end of the war in Europe, and there is a revival of the sort of sentimentalism that helped produce Yalta. Today the sentimentalism is, "We were friends then, so..."

"Friends?" In 1945 the sentimentalism took the form of the belief that the Soviet regime, which can claim legitimacy only as the enemy of bourgeois democracies, would desire in peace a continuation of the cooperative relationship that served it well in war. In 1985 the anniversary of V-E day will be an appropriate moment for commemorating the fact that the Soviet Union began the war as Hitler's enthusiastic ally.

It was convinced that Hitler would destroy England and other decadent bourgeois democracies, and was eager for that outcome. Hitler initiated the rupture with the Soviet Union, which then received enough aid from the decadent bourgeois democracies to survive and become the legatee of Hitler's values: conquest, totalitarianism, anti-Semitism.

June will bring the 10th anniversary of the Helsinki agreements on human rights. Those agreements are extensions of the Yalta agreements, but are even less defensible because they came after 30 years of experience with the Yalta agreements. Under the Helsinki agreements the Soviet Union undertook to stop being the Soviet Union — that is, to be minimally civilized. It has, of course, declined to do that. So 1985 is the year also to denounce the Helsinki agreements. A decade of fraud is enough.

Washington Post Writers Group.

LETTERS TO THE EDITOR

Lawlessness Is Passé

Regarding "So Nuclear Winter, Yes, Really — and So What?" (Dec. 20):

Lee Dembart, arguing against emotional approaches to the nuclear menace, writes that "there may not be any way" of escape from the present impasse. There is a way, although it is one that many will not readily accept. Just as the city states of Italy quarreled and fought till they became subject to the government of a unified state, so will the nations of the world clash until they learn to cede their sovereignty to a world government.

History has shown that human beings do not live peacefully without the rule of law. Are today's human beings so infatuated with national "freedom" that we will prefer nuclear death to the rule of law over nations?

ANGUS SIBLEY,
London.

No Teaching of Hebrew

Regarding the report "Soviet Jew Is Jailed for Drug Trafficking" (Dec. 21):

We read that Yuli Edelstein, sentenced to three years in a prison camp, is "said to have irritated officials by giving Hebrew lessons without authorization." But no Soviet Jew has been able to obtain permission to teach Hebrew in the last 20 years.

Under Soviet law and the Helsinki accords, any language can be taught, but Hebrew teachers have been harassed and persecuted on false charges in increasing numbers. During 1984 there was a terrifying escalation of attacks on Hebrew teachers. Aleksander Kholmiansky of Moscow and Mark Nepomniashchy of Odessa face imminent "trials" because they are active in teaching Hebrew.

RITA EKER,
London.



Geneva: Wishful Thinking Won't Do

By Malcolm Toon

The writer was U.S. ambassador to the Soviet Union from 1976 to 1979.

WASHINGTON — In preparing for Monday's meeting between Secretary of State George Shultz and Foreign Minister Andrei Gromyko, it is vital that the United States avoid the mistakes made by Prime Minister Margaret Thatcher during the recent visit to Britain by Mikhail Gorbachev, the current front-runner in the Kremlin succession sweepstakes.

It is not so much what Mrs. Thatcher said — "I like Mr. Gorbachev; we can do business together" — that is disturbing as the giddy reaction to her assessment of Konstantin Chernenko's heir apparent by observers of the Soviet scene who ought to know better. What we are hearing today is almost a repeat of what we heard about Yuri Andropov when he succeeded Leonid Brezhnev in late 1982 — that the former KGB chief was a flashy dresser, a lover of jazz, a fluent English speaker, a friend of Soviet dissidents, virtually a closet liberal and thus a useful interlocutor for Western statesmen.

The difference is that then the myth was KGB-inspired. Today it is fostered by myopic Westerners who are misled by a stylish spouse, a snap-brim fedora and a svelte spouse.

When some analysts sought to set the record straight on Mr. Andropov — by pointing out that for years he had masterminded an agency that was preoccupied, inter alia, with arresting and torturing innocent citizens, penetrating and undermining Western society and irradiating American diplomats — they were accused of being incorrigible hard-liners unable to recognize that a new

leader could mean a new Soviet outlook and improved Soviet behavior. Today any effort to see Mr. Gorbachev in perspective will undoubtedly trigger the same sort of flak. But that is precisely what must be done.

Mr. Gorbachev is the youngest and most intelligent of the likely successors to the ailing Mr. Chernenko. Some self-styled experts have held that he must therefore be viewed as less ideologically motivated, more pragmatic, more flexible and easier to deal with than his predecessors or his principal rival, Grigori Romanov — who is still in contention despite the fact that Mr. Gorbachev holds all the positions held by Mr. Chernenko before he succeeded to the top job.

I do not think much of this argument. We heard it when Mr. Brezhnev was in decline and again when Mr. Andropov was terminally ill, and it turned out to be wishful thinking. A Gorbachev or a Romanov, in my view, will provide more of the same in Soviet policies and behavior.

The style of leadership may change with the succession, but the substance will not. Like Mr. Andropov and now Mr. Chernenko, all viable candidates for the top job in the Politburo are members of a long-standing collective leadership that has been in place since Mr. Brezhnev's twilight years. More important, any likely successor to Mr. Chernenko,

even if, like Mr. Gorbachev, he may not have known Stalin, is undoubtedly a faithful heir of the Stalin legacy. This means at least the following:

- He will be a strong proponent of the Leninist doctrine, adopted and strengthened by Stalin, that the chosen few rule the masses and that dissent, at home or elsewhere in the Soviet camp, must be crushed.
- He will be a fierce defender of the integrity of the Soviet empire that Stalin carved out of Europe and successors extended to include Cuba, Ethiopia and Afghanistan.
- He will continue to take advantage of opportunities to expand Soviet power where he can do so with impunity — without risking a military confrontation with the West.
- He will be rigidly opposed to that degree of innovation that would seriously downgrade the role of the party in Soviet society.

We are far from the generational change in Soviet leadership that was a favorite theme of academics when Mr. Brezhnev began his decline and again when Mr. Andropov was on his deathbed. That change will come only when we have in the Politburo men no longer stirred by the fumes of the October Revolution, or even by tales of heroics in World War II, and who are more concerned about responding to the crying needs of the long-suffering Soviet people than about subjugating others abroad.

Mr. Gorbachev does not fit this pattern. Wishful thinking cannot contribute to a stable relationship with the Soviet Union.

Los Angeles Times.

FROM OUR JAN. 5 PAGES, 75 AND 50 YEARS AGO

1910: War Preparedness Averts War
NEW YORK — The New York Herald says: "The most potent energy for the preservation of the peace of the world is, in these vexing days of international competitions and jealousies, the preparedness for war that averts attack or that settles the quarrel most speedily and with the least sacrifice to humanity when arbitration and concession prove to be of no avail. War pure and simple, or war for war's sake, is the cruelest survival of barbaric years, and it is unfortunate that continuing peace and security are rendered possible only by the superior armed strength that makes attack hazardous in result and destructive in expenditure. Until man becomes superman and purer motives inspire human conduct, the power to resist assault or to make it abortive must be almost the sole preventive of war."

1935: Roosevelt Proposes Jobs Plan
WASHINGTON — Relief by employment instead of by Federal and state funds, through creation of a new and enlarged Public Works Administration which would give employment to 5,000,000 persons on Federal and state relief rolls, in short "an American plan for American people," was proposed by President Franklin D. Roosevelt in his message to Congress (Jan. 4). The President declared the time had come for the Federal government to quit the business of relief and make every effort to provide work for all able-bodied employable individuals to preserve "their self-respect and self-reliance." He said a continued system of doling out funds would be a "destroyer of the human spirit." The President promised the cost of the scheme would be within "the sound credit of the government."

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Suspect in Subway Case Is Charged in N.Y. Court

New York Times Service
NEW YORK — Under tight security, Bernhard H. Goetz has been returned to Manhattan and charged with attempted murder in the shooting of four teenagers on a New York subway train.

Mr. Goetz was held Thursday in lieu of \$50,000 bail and placed in protective custody at the Rikers Island prison after a prosecutor said that Mr. Goetz told the authorities he "intended to kill" the four young men.

"He stopped shooting only because he ran out of ammunition," Susan Braver, an assistant district attorney, said in Manhattan Criminal Court.

Meanwhile, a legal defense fund has been set up to try to pay Mr. Goetz's bail. The Associated Press reported Friday, and hundreds of New Yorkers have donated money to it.

[Two lawyers and five men who

said they were friends and associates of the defendant announced the formation of the Bernhard Goetz Legal Defense Fund.

"This guy rendered a service," said Michael Matera, a retired fire chief who said he had once been mugged in uniform on a subway train. "He is our John Wayne."

In granting the prosecution's request for the bail, Judge Leslie C. Snyder called it low.

Mr. Goetz, 37, surrendered to the police Monday in Concord, New Hampshire. After waiving extradition, he was returned to New York. On Thursday, he was arraigned on four charges of attempted murder and a weapons charge.

Judge Snyder asked Miss Braver whether Mr. Goetz had acted in self-defense, apparently a reference to the question of whether he might have thought the four youths were trying to rob him.

"The defense of justification has not been made out clearly," the prosecutor replied.

Mr. Goetz appeared distracted in the courtroom. On occasion, he seemed to mumble to himself. His hands were cuffed in front of him.

During the 18-minute arraignment, Mr. Goetz, an electronics engineer, said nothing except his name when asked.

In seeking the \$50,000 bail, Miss Braver said Mr. Goetz had been charged "with having methodically shot four people in a car crowded with at least 20 passengers" on the afternoon of Dec. 22.

According to the police, the teenagers clustered around the shooter and asked him for a match, for the time and then for \$5. All of the youths had criminal records, and three were carrying sharpened screwdrivers in their pockets, according to the police.

Frank Bremner, a defense lawyer and a former Criminal Court judge working on the arraignment at the request of the judge, had argued for Mr. Goetz to be released in his own custody or on low bail.

By the time Mr. Goetz arrived at the courthouse, he had been in police custody for nearly four days. In New Hampshire, he had waived his right to a lawyer and gave a long statement to New York detectives.

The case has drawn public support for Mr. Goetz. When the police set up a telephone number for tips in the case, many callers endorsed the shooting.

Toronto Probe Cites Medicine In 'Kids Case'

New York Times Service
TORONTO — A 15-month investigation by a Royal Commission into the deaths of 36 infants at a pediatric hospital here found that at least eight of the deaths were caused by deliberate overdoses.

The panel, called the Grange Commission after its director, Justice Samuel Grange of the Ontario Supreme Court, also described five more of the deaths Thursday as "highly suspicious of digoxin toxicity."

He was referring to the heart drug found in great quantities in the babies. It said 10 more were "suspicious" in what became known as the "sick kids case."

But the commission failed to explain the mystery of the deaths, which occurred from July 1980 to March 1981 at Sick Children's Hospital. No motive was suggested and because of a court order no suspects could be named.

The report noted that deaths related to digoxin were 625 percent more apt to occur when a particular shift of nurses was on duty, and argued that naturally occurring digoxin-like substances could not explain the deaths.

"The theory of multiple, repeated, concentrated, fatal error must be rejected as untenable," Judge Grange said.

Susan Nelles, 28, a member of the nursing team on duty when most of the deaths occurred, was charged with many of the killings but was freed because of lack of evidence.

The commission Thursday recommended that she be compensated by the government for her legal costs of \$76,000 if she dropped a \$650,000 suit charging the government with wrongful imprisonment and malicious prosecution.

Cuban Arms Budget to Grow
Agence France-Presse
HAVANA — Cuban military spending is to increase by more than one-quarter this year to \$1.765 billion, the Communist Party newspaper Granma reported Friday. The full national budget will amount to \$13.554 billion.

ANNUAL BUDGET
The Communist Party newspaper Granma reported Friday that the full national budget will amount to \$13.554 billion.



ANNIVERSARY ERUPTION — A fountain of red and yellow lava shoots into the sky from Hawaii's Kilauea Volcano, which is continuing to erupt two years after the current series began Jan. 3, 1983. Geologists said the lava was flowing slowly toward a housing subdivision about six miles from the mountain but posed no immediate threat.

CBS Trial Jury Sees Letters on Intelligence 'Lies'

By M.A. Farber
New York Times Service
NEW YORK — After a two-week recess, the jury in General William C. Westmoreland's libel suit against CBS has been shown a series of 1968 letters by a U.S. Navy intelligence analyst in South Vietnam saying "outright lies" and "truly gargantuan falsehoods" were involved in estimates of enemy strength.

The letters, from Commander James Meacham to his wife, were introduced Thursday by David Boies, the lawyer for CBS, as part of an effort to show that the network used reliable material in preparing its 1982 documentary, "The Uncounted Enemy: A Vietnam Deception." It is the subject of the general's \$120-million suit.

As he read from the 10 letters, Mr. Boies repeatedly asked George Crile, the producer of the documentary, whether he had depended on them, although Commander

Meacham had consistently told CBS they did not portray any "faking of intelligence."

Each time Mr. Crile said he had relied on the letters and went on to explain what he regarded as their significance. He said that the letters, portions of which were used in the documentary, demonstrated Commander Meacham's contemporaneous "admissions" and acknowledgment of the "perversion of a responsibility to properly inform the country as to the nature of the enemy we were fighting."

Commander Meacham, who is now military correspondent for the British magazine, The Economist, served in South Vietnam from mid-1967 to mid-1968. He retired from the navy in 1973.

Some of Commander Meacham's letters to his wife, Dorothy, in Charleston, South Carolina, contained stark comments on the progress of the war.

In 1980, the commander gave

them to Samuel A. Adams, a former Central Intelligence Agency analyst who was writing a book on a dispute between the CIA and the military over enemy strength during the war. In 1981, Mr. Adams became a paid consultant to CBS for the documentary, and both he and Mr. Crile are defendants in the trial.

In a March 20, 1968, letter, Commander Meacham wrote, "One can have no small comprehension of the mismanagement of this war unless he has seen the outright lies and the machinations" of General Westmoreland's command.

"I'm not talking about confusion and inefficiency, which to a certain extent are products of all wars," he wrote, "but about muddle-headed thinking, cover-your-ass orders, lies and outright foolishness on the very highest levels. The crime is that you couldn't tell anyone even if you wanted to — no one would believe it."

In a letter the next day, Commander Meacham complained about a press briefing he prepared on enemy strength and said: "I have never in my life assembled such a pack of truly gargantuan falsehoods. The reporters will think we are putting on a horse and dog show when we try to sell them this crap."

In 1981, when Mr. Crile and Mr. Adams brought up the letters with Commander Meacham during an interview in London, he said they did not reflect lies but matters of intelligence "interpretation."

In a pretrial affidavit, the commander said the "exaggerated rhetoric" of his letters resulted from his having been "bored" with his job.

"I never intended that the harsh language in those letters be taken literally," he said. But in another affidavit, his wife, from whom he is now divorced, said he wrote the letters because they might be "of historical importance."

Japan's 40-Year-Old 'Orphans'

Left in China at End of War, They Seek to Find Families

By Clyde Haberman
New York Times Service
TOKYO — Her name was Ze Jiyang, and she said she was Japanese, an accident of birth not reflected in her life.

She knew little about Japan and nothing of its language. She had no recollections of her parents, not even their names.

But she assumed her father was a Japanese settler in northern China in World War II, probably one of the many men in similar situations who were forced into the Japanese Army in the last months of the war.

She knew — or at least had been told much later, since she was only 2 years old at the time — that her parents did not take her along in the Japanese evacuation from Manchuria in 1945. She grew up with three separate Chinese families, and when she was 13, a foster mother provided scattered details about her past.

And so, even though she is now 41, the mother of four children and a store clerk in eastern China's Liaoning Province, Ze Jiyang came to Tokyo in the hope of finding her real family.

Virtually the only mark of identification she had was a birthmark just above her right ankle.

"I am not very optimistic," she said.

Nor were many of the 44 other Chinese men and women with her in a drab, dormitory-style building that was used to house athletes in the 1964 Summer Olympics in Tokyo. Nearly all wore identical light-blue suits and sat at long tables, looking vaguely out of place in this high-tech capital. They passed the time talking and leafing through Japanese newspapers they could not read. Mostly, they waited for someone to claim them.

All were Japanese-born, all were abandoned by parents in the confusing final days of the war, and all were now in Tokyo looking for relatives. In Japanese, they are called *zanyu kaji* or "left-behind orphans." The Health and Welfare Ministry estimates that about 2,000 of them remain in China, still considered "orphans" by Japan even though most are now in their 30s and 40s.

In the last decade, 1,590 such "orphans" have been identified in China, and 352 of them have come to Tokyo since 1981 at Japanese government expense on errands of hope similar to Ze Jiyang's. Until recently, most found someone — an elderly father, a graying sister, an older cousin.

But the latest group, the sixth to arrive, returned recently to Liaoning Province with only 15 of the 45 having enjoyed success.

Many came here knowing nothing more than a family name or perhaps the prefecture in which their parents were born. Some got lucky; their pictures in Japanese newspapers jarring the memories of readers who then called government officials with further clues.

In that fashion, Liu Shuyun, 44, discovered that she was the daughter of Shigeno Ozaki of Ibaraki prefecture in eastern Japan. Mrs. Ozaki, 79, saw the daughter's resemblance to her father and came forward to identify her.

For many Japanese, the homeward march of the "orphans" has proved to be a cathartic experience. Some, especially older people, break into tears over the painful reminders of the war's end.

There are those here who say that this is another example of Japan's dwelling on itself as a victim

of World War II rather than as one of its architects.

"Basically, the Japanese government deserted these people in the confusion surrounding the end of the war," said Tetsuji Mizumoto, a senior official in the Health and Welfare Ministry.

Japan conquered Manchuria in 1931. At one point, 1.3 million Japanese lived there, helping to exploit the region's natural resources. As the tide of war turned against Japan in the 1940s, many men among the Manchurian settlers were conscripted into the army, their families left helpless and forced to flee across Manchuria after Soviet troops invaded.

There were cases of children surviving when their parents were killed," Mr. Mizumoto said. "Many parents died in Soviet and Chinese detention camps. Some were starving and asked Chinese families to take their kids so they could eat. In some extreme cases, parents were simply forced to abandon their children. The Chinese families, in most cases, treated these Japanese kids as though they were their own."

The search for roots began after Japan and China restored diplomatic ties in 1972.

Altogether, counting those who conducted private searches by mail

as well as those brought over by the Japanese government, 747 of the 1,590 Chinese identified as "orphans" have located relatives.

Most returned to China afterward to rejoin families they had started on their own. But 205 people thus far have elected to remain in Japan, aided by small government grants and training in Japanese language and culture.

Staying in Japan is not an easy choice. It usually requires a painful severing of links to China and a difficult — not always successful — transition to Japanese ways. A few also have endured unhappy encounters with relatives who had shaped new lives and did not want to reopen doors they thought were firmly closed.

But the searches go on. More are scheduled to arrive in March. They, too, will be put through days of waiting and wondering, and some, like Ze Jiyang, will return to China, still "orphans."

30,000 Left Vietnam Legally

Agence France-Presse

GENEVA — About 30,000 people left Vietnam legally last year, up from 19,000 in 1983, the United Nations High Commissioner for Refugees said Friday.

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Chinese Official Says Reform Remains Faithful to Marxism

The Associated Press
BEIJING — A senior Chinese economist who helped draft the Communist Party's free-market economic reforms said Friday that the reforms were faithful to Marxism, which he said was an evolving ideology based on "seeking truth from facts."

"It is not Marxist or Marxism if we insist in doing only what Marx said and never do what Marx did not say," Lin Xili told a group of foreign journalists.

Mr. Lin is the latest Chinese ideologist to reject suggestions that China is retreating from Marx's theories and moving toward capitalism by promoting market forces, private enterprise, competition and foreign investment.

Speaking informally at the All-China Journalists Association, Mr. Lin acknowledged that China's shift toward a market economy, which he called "Socialist commodity production," is not part of classical Marxism.

The 19th-century philosopher envisioned a system in which money becomes unnecessary, Mr. Lin said, and failed to understand that selling, buying and the laws of supply and demand are an essential part of a Socialist economy.

But he repeated the party line that China's system differs from capitalism because the state owns the factories, farms and other means of production.

Mr. Lin said he was one of "a small number" of economists who helped draft the party's reform proclamation of Oct. 20 outlining China's shift to a market-oriented economy.

"Some people, including some of our foreign friends, have this misunderstanding," he said. "They think China is developing capitalism. This does not accord with reality."

Defending China's interpretation of Marx, he said: "Seeking truth from facts is Marxism. Marx himself never made any specific prediction about the future."

His remarks were consistent with commentaries last month in the People's Daily that asserted that classical Marxism cannot always provide solutions to Chinese problems. The statement provoked considerable interest, and some Western commentaries suggested that China was rejecting Marxism.

Beijing, in Wooing Taiwan, Says Ties To Hong Kong Won't Be Cut in 1997

Reuters
BEIJING — Taiwan's links with Hong Kong will not be cut when China takes back control of the colony from Britain, a Foreign Ministry spokesman said Friday.

"After China's resumption of the exercise of sovereignty over Hong Kong in 1997," the spokesman said, "the relations existing between Hong Kong and Taiwan, including those in the shipping, civil aviation, economic and cultural fields and exchanges of personnel, will remain unchanged."

He was responding to reports from Taipei that the Taiwan government was rethinking its stated plan to cut all links with Hong Kong when the colony reverts to Chinese control.

The latest issue of the Chinese Communist Party magazine, Red Flag, disclosed that China's paramount leader, Deng Xiaoping, has promised better terms for Taiwan than those the British obtained for Hong Kong.

Mr. Deng reportedly said that if reunification is to be peaceful, it must be acceptable to all.

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ARTS / LEISURE

London: Art Nouveau, Design, Bloomsburies

By Max Wykes-Joyce

International Herald Tribune

LONDON — Because of popular interest, the show of "Art Nouveau from the Anderson Collection" at the Geoffrey Museum has been extended. In 1962, before the general interest in the art and artifacts of the turn-of-the-century period, Sir Colin and Lady Anderson began to add to a small inheritance of Art Nouveau pieces. By 1978, they had accumulated more than 150 prime examples, which they gave to the Sainsbury Center for Visual Arts at the University of East Anglia, Norwich, which made them available to the Geoffrey Museum for a London showing.

The show includes furniture with inlaid wood decorations by Emile Gallé (1846-1904) and Louis Majorelle (1859-1926) who initially trained as a painter but on the death of his father returned to Nancy to carry the family business of cabinetmaking into the realms of fine art.

In the glass section too, it is the French who take pride of place, with cameo and enameled glass again by Gallé, a bowl and a flower-shaped ash tray by Gabriel Argy Rousseau, and wine glasses by René Lalique (1860-1945), though the American glassmaker Louis Comfort Tiffany (1848-1933) and several anonymous German and Austrian designers are also well represented.

In ceramics the Minton and Doulton factories, and William Moorcroft (1872-1945), working for Liberty's, predominate. In the fields of "pure" art, anonymous sculptures of nymphs gazing into pools and graphics by the British artist John Hassall (1868-1948) and the Czech Alphonse Mucha (1860-1939) add further dimensions to the evocation of a richly creative period.

"Art Nouveau from the Anderson Collection," Geoffrey Museum, Kingsland Road E2, to Feb. 2.

in the manner of orthodox woodwork and marquetry. The work of 18 designers is represented, six each from Britain, France and the United States. The American contributions are especially joyful and colorful, none more so than "Dress Her" by Jay Stanger, a liquor cabinet in the shape of a woman, its top of ColorCore slats, the skirt of vertical strips of beechwood, both opening to disclose a bar.

"Past Modern Color," Boilerhouse Project, Henry Cole Wing, Victoria and Albert Museum, to Jan. 13.

Though the Bloomsbury Group, the mutually admiring set of writers and painters centering on the Stephen sisters — Virginia, who married Leonard Woolf, and Vanessa, who married the art critic Clive Bell — is chiefly famed for its literary abilities, those closely associated with the ménage à trois set up by the Bells with the artist-designer Duncan Grant at Charleston, a farmhouse in Sussex in which they lived from 1916, have been promoted as the protagonists of a major 20th-century art movement in Britain. In truth they were artistically inferior to their contemporaries, the Vorticists Wyndham Lewis, Edward Wadsworth, Frederick Etchells and Christopher Nevill. However Charleston was a haven for many competent painters, was decorated by Vanessa Bell and Grant; and is now the subject of an appeal from the Charleston Trust, which is pledged to make an endowment of £740,000 (about \$852,000) to the National Trust, which will preserve Charleston as an artistic shrine. The loan show running at the Kiddle Gallery, Sotheby's, "The Charleston Artists and Their Friends" has much work by Bell and Grant, and by their friends Simon Bussy (1876-1954); Dora Carrington (1893-1932), tragic companion of Lytton Strachey; Roger Fry (1866-1934), chief aesthetic theorist of the Bloomsburys; André Dunoyer de Segonzac (1884-1974) and Edward Wolfe (1897-1982), the latter two of whom were without doubt the most able painters among the Charleston friends.

"The Charleston Artists and Their Friends," Kiddle Gallery 33/34 New Bond Street, W1, to Jan. 21.



Duncan Grant's "Still Life With Matisse" in London.

Paris Museum Displays A Riot of Circus Toys

By Michael Gibson

International Herald Tribune

PARIS — The circus, in the sense any modern child understands the word, developed in the course of the 19th century. The Romans had circuses with acrobatic riders and jugglers, as well as unsavory acts in which human beings were torn to pieces by wild beasts, or gladiators were pitted against elephants, tigers, lions, hyenas, hippopotamuses. But after the fall of Rome the circus went into eclipse and took shape again only in the late 15th century.

In the 19th century, it came back to boisterous and gaudy life, with all the attractions we have come to take as a matter of course: lions, elephants, acrobats, clowns and a pantheon of other creatures that are the Roman predecessors.

The Musée des Arts Décoratifs, which is inclined to pay scholarly attention to matters most people take for granted, started to take an interest in toys related to the circus after acquiring a delightfully intricate scale model of "Le Cirque Français" that sprawls over 15 square meters (18 square yards), in January 1983. This led to a buying spree in which more than 4,000 toys from all over the world were collected. They range from 1880 to the present, and their display fills a large part of the museum.

The major item remains the "Le Cirque Français," with its 12,000 pieces and 865 figures of trainers, acrobats, clowns (Grock included), animals and attendants. There are other scale models too, including the Knie Circus, founded in 1808, the Sarrasini Circus and the Bar-

num and Bailey Circus. Barnum and Bailey, with the Ringling Brothers, and Buffalo Bill Cody, seem to have brought an unprecedented degree of showmanship to the art, stimulating toy manufacturers in Europe and the United States to produce toys related to the circus. One was the Humpty Dumpty Circus, a charming toy patented in Philadelphia in 1903 by Albert Schoenheit that was popular in the United States for more than 30 years.

Other acquisitions include toy clowns, toy acrobats, a life-size group of automatons entitled "The Circus and the Photographer" and countless posters. The toys include some by Fischer-Price and Steiff that are in current production.

"Le Cirque et le Jouet," Musée des Arts Décoratifs, 107 Rue de Rivoli, Paris 1, to Jan. 28.

The Janette Ostler Gallery on the Place des Vosges has specialized in Japanese art of the past 30 years and is celebrating this anniversary with a show titled "One Thousand Years of Japanese Art." It includes more than 200 items: paintings and prints, objects and masks ranging from the 8th to the 19th century and a stunning series of illustrations of the 11th-century "Genji Monogatari," the first novel of character analysis ever written and possibly the masterpiece of Japanese literature. The selection ranges from the poetical or realistic to the humorous and the fantastic.

"Mille ans d'art japonais," Galerie Janette Ostler, 26 Place des Vosges, Paris 3, to Jan. 13.

French Art Market Steers Own Course

International Herald Tribune

PARIS — The auction market increasingly gives the impression of being managed from London and New York, with Sotheby's and Christie's steering the ship. But France, through a combination of legislation and economic factors, has been turned into a fortress operating on separate lines.

Unlike their Anglo-Saxon counterparts, French auctioneers are not businessmen, but judiciary officers. They are appointed by the Ministry of Justice after they have been granted permission by their professional association, the Chambre Nationale des Commissaires-Priseurs, to buy the right to hold their office.

They are under no obligation to conduct sales. If a Paris auctioneer has not conducted a sale in a year, he is still assured of a modest income. A percentage is levied on the proceeds of each sale, one half of which goes to the auctioneer who has sold the items, and the other half to the professional body, which divides the total equally among the auctioneers each year.

The net intake per auctioneer, which is kept secret, would appear to amount to a monthly salary well above 10,000 francs (\$1,000). Thus the more active members of the profession subsidize their colleagues, and the necessity to pool objects for sale in a market where the supply dwindles every year is not felt as it should be. In a free-market system, two-thirds of the present auctioneers would go bankrupt within months. This explains why London has been able to gain the upper hand against Paris.

Vendors are deterred from selling in Paris by inadequate advertising and publicity outside France, and by poor servicing in sale catalogs often sent out too late to give buyers abroad sufficient notice. The red tape faced by foreign vendors and buyers has further contributed to divert from the Paris market works of art available for sale in Europe and the United States. Whatever comes up for sale at Drouot essentially comes from France, whereas in London the proportion of foreign consignments can be high in such categories as Impressionist and Modern Master paintings, Old Master drawings or French sculptures. Distressing as this may be to French auctioneers, it holds considerable advantages for buyers: the system is less plagued by speculation.

Dealers who buy important works of art in one place, in order to resell them by auction in another with a huge reserve price that ensures the desired markup, hardly ever send them to France. They need the trumpets of international publicity.

When great works of art are offered at French auctions, they come from private sources, and rarely carry huge reserve prices. This makes the French market highly attractive to buyers. In the last few months, sensational successes have

SOURIN MELIKIAN

been scored by leading Paris auctioneers, always in connection with private collections, or even single items from private collections turning up on the market.

In early November there was the case of a Ming ewer in blue-and-white porcelain of the early 15th century. The type is rare — only three other instances are on record, one in the Tehran Museum of Ancient Iran, another in the Topkapı Museum in Istanbul and a third one in the Freer Gallery of Art in Washington. All show some damage — as did the Drouot piece with a crack under the spout and a chip off the top of the handle.

The auctioneer, Eric Buffetaud, had spotted it almost by accident when inspecting items in one of his own run-of-the-mill auctions that was to be held at Drouot last June. Having whisked it out of the bottom shelf of a case, he submitted it to the Chinese expert Michel Bourdeley.

Together, they did a thorough job. Photos were dispatched worldwide to the right people. On Nov. 6, in an otherwise dull sale, there was a 90-second fight between Bluet of London and Myrta Myers, an American dealer in Paris who said she was representing an American collector, who won it for 560,000 francs. It was a huge price, although one that did not result from the reserve, which was low.

On Nov. 26, it was the turn of Jacques Tajan to register phenomenal prices in a sale of antiquities collected by the late Armand Trampitsch. The sale expert, Jean-Philippe Mariand de Serres, a recognized specialist in Ancient Near Eastern seals and cylinders, had made up for the skimpy catalog, produced under pressure, by personally contacting dealers and collectors around the world.

The result was the best attended archaeological sale I have seen at Drouot. Jerome Eisenberg of New York, who bought more than 10 percent of the lots in the sale, was bidding against the agent of Robin Symes of London, with plenty of private buyers chiming in — the ideal combination at auction. Many prices paid that day were enormous, not necessarily for the finest pieces.

A rare, superbly preserved belt hook of the Merovingian period, sold for 73,000 francs, multiplied its estimate eight-fold.

More telling were the prices offered for relatively common pieces. The 16,000 francs paid for another bronze belt hook with silver inlay of the Merovingian period, estimated to fetch 1,500 to 1,800 francs, is truly astonishing. The 120,000 francs paid by a New York dealer for a limestone carving from Ancient Egypt, repaired and restored, is mind-boggling. And so is the 560,000 francs given for a marble torso of the first century, only 70 centimeters (27 inches) high and devoid of any particular merit.

Two days later, Lucien Solanet was auctioning Old Master and Impressionist works that included a fully finished preparatory sketch for Louis Leopold Boilly's painting of a crowd in the Louvre watching the newly hung "Emperor's Coronation" by Gérard-Louis David. The expert Bruno de Bayser had advised the international community of collectors and dealers, and the price zoomed to 1.9 million francs, a record for a neoclassical drawing.

Other prices were more balanced. A marvelous painting ascribed to the Le Nain brothers, which, like much of the work associated with them, raises unresolved art historical questions, was bought at the same amount by an American foundation. Given its condition, that was probably about the right price. A portrait by Madame Vigée Le Brun that ranks among her most accomplished works was not exaggerated at 7.5 million francs — it was reportedly acquired by a U.S. syndicate of dealers. Nor was a first-class view of the Château de Chillon in Switzerland by Gustave Courbet at 2.6 million francs, a wonderful painting but an austere one with stern colors, not altogether easy to sell.

The triumph of the season occurred on Dec. 12, when a bronze horse fully signed by the Dutch sculptor Adriaen de Vries turned up out of the blue in a sale conducted by Raymond de Nicolay. Its provenance can be traced back to 1716, when it appears in an inventory concerning an ancestor of the family that sold it. On the day of the sale, all the dealers who could have taken an interest in such an item were present to take part in the bidding. At 10.2 million francs, it set the world record for any Renaissance or Baroque bronze.

These scores show that Paris has a potential too often obscured by its outdated system. Buyers should remember that they have here the last hunting ground where a high proportion of the game comes from private owners.

Rome Shows: Daubers, Degas and Donald Duck

By Edith Schloss

International Herald Tribune

ROME — The city of Rome has allowed a group of eight contemporary artists to stage a lively event in its historic "bridge of the angels."

The "Trattisti" or Daubers — which in this case means to be defiant and outrageous — build structures made of everyday materials. The objects, made of old sticks and stones and new ribbons, tinsel and jute, are beguiling.

This is not exactly a new art form. We have seen this kind of rough, loose, handcrafted type of work before, including that done by California funk artists or by others in the Whitney Biennial show in New York six years ago.

The display in Rome includes an assemblage seemingly made of *campitri*, the Roman cobblestones; a long, white, fence-like sequence of upright willow branches and colorful stretched, ornamented hides. It all stands over the river, among Bernini's fluttering marble angels and against the silhouette of the Eternal City's cupolas. They provide a welcome note of vitality, a gay and rough foil to an ancient setting.

"I Trattisti," Ponte Sant'Angelo.

Drawings and paintings made in Italy, or inspired by it, throw a new light on Edgar Degas's passion for Italian painting and his friendship with the Macchiaioli painters in Florence. His ties with this country were natural, for his grandfather married a Neapolitan aristocrat. His sons, one of them Degas's father, represented his Neapolitan bank.

In this exhibition there are detailed, careful drawings based on works of Giotto, Uccello, Carpaccio, Fra Angelico, Mantegna, Gentile, Bellini, Michelangelo and

many more. The works include nude studies of Italian youths and oil portraits of friends, family and of himself in Italy. The large oil of the "Bellelli family" includes his aunt, Laura, her daughters and her uncouth husband. It was painted in Florence and is brooding and grave, reflecting the drama of an unhappy marriage. There is also a minor version and many sketches for this painting.

Only an affectionately wicked sketch of his posturing fellow artist, the little Neapolitan, Carlo Pellegrini, who later became a collaborator of Vanity Fair in London, foreshadows the quickness and acute sense of movement of the ballerinas and bathing women, which are the typical images that come to mind first when Degas is mentioned.

"Degas in Italy," French Academy, Villa Medici, Trinità dei Monti 1, until Feb. 10.

Toti Scialoja, one of Italy's leading abstractionists and an influential teacher, presents a group of action paintings liberally brushed in wide fluent strokes and spatters in dark earth colors. They hark back to the '40s, a sort of reappraisal of the first onslaught of the pioneers of the New York school, which Scialoja went to meet in the United States.

In these times of superficial and often slovenly work it is good to see, this highly professional attack, energetic and thoughtful, weighty and balanced.

Toti Scialoja, Galleria l'Isola, Via Gregoriana 5, through January.

The show called "I Love Paperino" — Paperino stands for Donald Duck — demonstrates that a good artist can improvise on an theme, especially on such a captivating Pop Art figure. Mario Schifano changes old Donald — he's 50 now! — into a fluid, sparkling little action painting. Alberto Parros celebrates him with a witty assemblage, "Donald Duck Trophy," accompanied by a group of whimsical small paintings. Tommaso Casella makes a bright collage. Bertolini has the duck attacked by toy airplanes. Lorenzetti sculpts an abstraction of him in brass, even Matta has something surreal to say about him. The rest of the artists are less painterly and tend towards more graphic, cartoonish efforts, as is to be expected with this kind of subject matter.

An assortment of films with the original Mr. Quack is also on hand. Compared with the usual serious art show, this is a sprightly and interesting novelty.

"I Love Paperino," Palazzo Braschi, through January.

Illinois Art Museum Badly Damaged by Fire

United Press International

EVANSTON, Illinois — A fire that gutted two stories of the Byer Museum of the Arts has destroyed \$12 million of art and historic letters.

The blaze Dec. 31 destroyed most of the museum's modern art collection, most of which was insured, according to the museum's founder, Stephan Byer. Its collection included documents written by President Abraham Lincoln, the American revolutionary Samuel Adams, the novelist Charles Dickens and monarchs going back to Richard I of England. Officials say arson has not been ruled out.

DOONESBURY



Elgin Wreck Reveals No Treasures

The Associated Press

ATHENS — Greek divers last month searched the remains of a merchant vessel chartered by the British diplomat Lord Elgin, which was wrecked off a southern Greek island in 1802, but found no sign of its cargo of ancient sculptures.

Costas Papatheodoropoulos, a Greek government marine archae-

ologist, said Thursday that reports that a number of fragments had been spotted at the wreck site proved to be a natural rock formation and stones from the vessel's ballast.

The Mentor, a two-masted sailing vessel, foundered off Kythira island in 1802 with 17 crates of sculptures aboard.

U. S. Senate to Get a Calder

The Associated Press

WASHINGTON — A 55-foot-high (17-meter) Calder sculpture is being built with private funds to fill the lobby of a Senate office building that was left bare because of federal budget cuts.

Nicholas Brady, a wealthy Republican who served as New Jersey's junior senator for eight months in 1982, raised money to pay for the mobile and stable designed to fit in the cavernous Hart Senate Office Building.

Alexander Calder's "Mountains and Clouds," made of black steel, was intended to be installed in the white marble, nine-story atrium of the Hart building when it opened in early 1983.

But during a controversy over the building's costs, money for the sculpture and for 32 other items was cut from its construction budget, lowering the price from \$17.9 million to \$13.8 million.

The stable, depicting a jagged range of mountains, is being built by the Segre Foundry in Connecticut. Crystallization Systems Inc. of Long Island, New York, is building the motor-driven mobile, which will represent clouds drifting overhead.

The sculpture should be completely installed by mid-February and an unveiling will likely be held in the spring, according to Elliott Carroll, executive assistant to the architect of the Capitol.



Matta's "Paparino secondo," mocking D. Duck and pope.

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By LEONARD SOLLER
New York Times Service

Economists who met recently were pretty dismal, but were looking for remedies.

(Continued on Page 9, Col. 8)

given quantity of uranium fuel to be "recycled" (Continued on Page 9, Col. 4)

	NY/USD	USD/JP	USD/DM	USD/FF	USD/GBP	USD/FRF	USD/ITL	
	Dollar Values							
	Currency	U.S.\$	Per \$	Currency	U.S.\$	Per \$	Currency	U.S.\$
1	Switzerland	1.2243	0.8077	Irish £	0.7833	1.0313	1.36	0.73
2	Australia \$	1.2243	0.8077	Irish £	0.7833	1.0313	1.36	0.73
3	Australian shillings	1.2243	0.8077	Irish £	0.7833	1.0313	1.36	0.73
4	Belgium franc	6.45	0.155	1975 Krona	1.36	0.73	1.36	0.73
5	Canada \$	1.2243	0.8077	Irish £	0.7833	1.0313	1.36	0.73
6	Denmark krone	11.8875	0.0842	Norw. krone	1.36	0.73	1.36	0.73
7	Finnish mark	6.59	0.152	Portugal escudo	1.36	0.73	1.36	0.73
8	French franc	127.35	0.0078	Spain peseta	1.36	0.73	1.36	0.73
9	Greek drachma	127.35	0.0078	Sweden krona	1.36	0.73	1.36	0.73
10				Swiss franc	1.36	0.73	1.36	0.73
11				Swiss franc	1.36	0.73	1.36	0.73
12				Swiss franc	1.36	0.73	1.36	0.73
13				Swiss franc	1.36	0.73	1.36	0.73
14				Swiss franc	1.36	0.73	1.36	0.73
15				Swiss franc	1.36	0.73	1.36	0.73
16				Swiss franc	1.36	0.73	1.36	0.73
17				Swiss franc	1.36	0.73	1.36	0.73
18				Swiss franc	1.36	0.73	1.36	0.73
19				Swiss franc	1.36	0.73	1.36	0.73
20				Swiss franc	1.36	0.73	1.36	0.73
21				Swiss franc	1.36	0.73	1.36	0.73
22				Swiss franc	1.36	0.73	1.36	0.73
23				Swiss franc	1.36	0.73	1.36	0.73
24				Swiss franc	1.36	0.73	1.36	0.73
25				Swiss franc	1.36	0.73	1.36	0.73
26				Swiss franc	1.36	0.73	1.36	0.73
27				Swiss franc	1.36	0.73	1.36	0.73
28				Swiss franc	1.36	0.73	1.36	0.73
29				Swiss franc	1.36	0.73	1.36	0.73
30				Swiss franc	1.36	0.73	1.36	0.73
31				Swiss franc	1.36	0.73	1.36	0.73
32				Swiss franc	1.36	0.73	1.36	0.73
33				Swiss franc	1.36	0.73	1.36	0.73
34				Swiss franc	1.36	0.73	1.36	0.73
35				Swiss franc	1.36	0.73	1.36	0.73
36				Swiss franc	1.36	0.73	1.36	0.73
37				Swiss franc	1.36	0.73	1.36	0.73
38				Swiss franc	1.36	0.73	1.36	0.73
39				Swiss franc	1.36	0.73	1.36	0.73
40				Swiss franc	1.36	0.73	1.36	0.73
41				Swiss franc	1.36	0.73	1.36	0.73
42				Swiss franc	1.36	0.73	1.36	0.73
43				Swiss franc	1.36	0.73	1.36	0.73
44				Swiss franc	1.36	0.73	1.36	0.73
45				Swiss franc	1.36	0.73	1.36	0.73
46				Swiss franc	1.36	0.73	1.36	0.73
47				Swiss franc	1.36	0.73	1.36	0.73
48				Swiss franc	1.36	0.73	1.36	0.73
49				Swiss franc	1.36	0.73	1.36	0.73
50				Swiss franc	1.36	0.73	1.36	0.73
51				Swiss franc	1.36	0.73	1.36	0.73
52				Swiss franc	1.36	0.73	1.36	0.73
53				Swiss franc	1.36	0.73	1.36	0.73
54				Swiss franc	1.36			

...Lloyds Bank, Bank of Tokyo.

Lowest Level Since 1979

Judge Orders Air Florida to Stand Trial

MIAMI — A federal judge has ruled that Air Florida and three Central American airlines must stand trial on criminal charges of conspiracy to fix prices in violation of U.S. antitrust law.

The ruling Thursday by U.S. District Judge Lenore C. Nesbitt reversed an order Sept. 10 by U.S. Bankruptcy Judge Sidney Weaver indefinitely staying criminal proceedings against Air Florida.

A week after Air Florida filed for Chapter 11 of the federal bankruptcy law, a federal grand jury indicted the airline.

The indictment charged that Air Florida and the other three airlines conspired to fix rates on routes between cities in the United States and Central America in violation of the Sherman Antitrust Act.

Air Florida resumed flying and hired some of its 1,200 fired employees in October under the name Midway Express, a subsidiary of Chicago-based Midway Airlines.

First City Improves Offer For Scovill

NEW YORK — First City Properties Inc. said Friday that it was increasing the price of its offer for Scovill Inc. to \$42.50 a share, or \$522 million, from \$35, or \$430 million.

Scovill stock rose \$2.75 to \$42.25 Friday in trading on the New York Stock Exchange. First City said its offer will expire Jan. 18 unless extended and withdrawal rights will expire Jan. 11.

The company, controlled by Canada's Beitzberg family, said its increased price results from negotiations with Morgan Stanley & Co. Inc. and Morgan Lewis Githens and Ains Inc., investment bankers for Scovill.

First City said it expects the Scovill board to act on the increased offer and related proposed arrangements between the two companies this week.

Diversifoods Chief to Leave; Dividend Is Dropped

CHICAGO — Diversifoods Inc., which has been in turmoil since October, has announced that its chief executive is leaving the company and that the fourth-quarter dividend is being omitted.

Donald N. Smith is stepping down both as chief executive and president. His resignation follows the failure of an investor that he led to arrange financing for the buyout of Diversifoods.

The group, which included other senior managers and Allen & Co., a New York investment firm, had proposed a leveraged buyout of the company in October.

On Oct. 15, the investor group announced its intention to offer \$15.50 a share for Diversifoods' roughly 33.7 million shares for a total of about \$525 million. On

Dec. 10 Diversifoods announced that a tentative agreement for the leveraged buyout had been terminated.

On Thursday, the company closed at \$9.50, up 12.5 cents, in over-the-counter trading.

Diversifoods, based in Itasca, Illinois, was formed in December 1983 by the merger of Godfather's Pizza Inc. and Chart House Inc., a chain of steak and seafood restaurants.

After the board voted to omit the dividend, Kenneth E. Pieper, a company spokesman, said that the payout, which has "traditionally been about 8% cents in each of the first three quarters, will be evaluated on a quarter-to-quarter basis."

Mr. Pieper said that John M. Creed, who has headed the company's Chart House unit, would become president and chief operating officer. Mr. Creed will share the

chief executive position with William E. Trotter 2d, chairman, and W. David Hanks, who has been a company senior vice president for finance and administration.

The company reported earnings for the nine months ended Sept. 30 of \$22.2 million, or 66 cents a share, on sales of \$420.7 million, slightly down from earnings of \$22.9 million, or 69 cents a share, on revenues of \$359.1 million in the period a year earlier.

Last month, Diversifoods predicted that fourth-quarter earnings would be sharply lower than the \$3.3 million, or 25 cents a share, recorded in the last quarter of 1983.

The earnings decline, coupled with continued difficulties that Godfather's Pizza was having in formulating a new deep-dish pizza, apparently made lenders wary of financing the Smith investor

group's leveraged buyout proposal of \$15.50 a share.

The company's board rejected an alternate buyout plan, consisting basically of cash and debentures, from the investor group.

Early last month, William M. Thesen, the founder of Godfather's and Diversifoods' vice chairman, announced he was resigning as a director because of "communications difficulties with management that had built to a crescendo throughout the year," according to Bruce C. Rohde, Mr. Thesen's attorney.

Diversifoods operates more than 1,400 restaurants in the United States, Canada, Puerto Rico, and the Virgin Islands. In addition to Chart House and Godfather's, Diversifoods is the largest Burger King franchisee in the country and operates Luther's Bar-B-Q and Moxie's hamburger restaurants.

COMPANY NOTES

Aetna Life & Casualty Co. shareholders who participate in the company's dividend reinvestment program can buy additional shares at a 5-percent discount from the market price, Aetna has announced. Under the plan, participants may also make additional cash payments to buy more shares at market price, and the company will continue to pay brokerage or other related charges.

Alpha Microsystems has established three new divisions: computer systems, video technology and service, the Irvine, California, technology group has announced.

Control Data Corp. plans later this month to introduce three new computers with memories four times larger than current models, to replace three machines in the Cyber 180 series, the company said. Two of the new units will be priced about 12 percent less than the models they are replacing, while the third model, the cheapest of the three, will be more expensive than its predecessor.

First City Corp. said the Federal Trade Commission has requested additional information on its proposed acquisition of Warner Electric Brake & Clutch Co. The company said the request extends the waiting period connected with its tender offer of \$157.5 million, or \$30 per share.

Ford Motor Co. has announced an average price increase of 1 percent, or about \$90, for light trucks, effective next Monday. Ford has indicated that it will not increase

the prices of its 1985 car models, in an effort to maintain sales momentum. General Motors Corp. last week increased the prices of its 1985 models by an average of \$296, and Chrysler Corp. has said it has not decided whether to change its prices.

Helionetics Inc. has lost its second director in two weeks, former Treasury Secretary William E. Simon. A spokesman for the California high-technology company said Mr. Simon had told board members that he had "other obligations that made it impractical" to stay on.

Two weeks ago, Charles W. Missler, the chairman, president and chief executive, resigned, also citing personal reasons. But there were reports that both departures were related to the refusal of Bernard B. Katz, the largest shareholder, to give up control of the company.

Pantry Pride Inc.'s chief operating officer, president for food stores and a director, Daniel E. Joseph, has resigned effective Jan. 18 to become president and chief operating officer of Dominick's Finer Foods Inc. of Chicago. Pantry Pride announced. The company said Harold F. Rawling has been named president of supermarket operations.

Rapid-American Corp. said that Stephen L. Piskner would be taking over as chairman and chief executive officer of McCrory Corp., Rapid's retail subsidiary, effective Feb. 1.

Europe Takes Lead Over U.S. In Nuclear Waste Recycling

(Continued from Page 7)

four-fifths of the 3,000 tons of fuel that they will be using annually.

The U.S. nuclear industry seems unaffected by the revived interest in Europe and Japan in commercial reprocessing, despite the Reagan administration's efforts to encourage the development of a private reprocessing industry in the United States.

A commercial reprocessing plant that operated for six years at West Valley, New York, was closed in 1972 for alterations and expansion, but it was never reopened, partly because of increasing worries about its safety.

Then in 1981, President Ronald Reagan lifted the ban on the reprocessing of U.S. nuclear fuels that had been imposed by the Carter administration, which tried unsuccessfully to get the technology out of the country. The president's move was seen as a means of extracting almost unlimited quantities of energy from the world's uranium reserves.

Initially, they plan to burn some of the plutonium created in present-day pressurized water reactors. They assert that this is an anti-proliferation measure, since the plutonium is destroyed.

But eventually, the plutonium will be used to fuel the new generation of fast breeder reactors.

Mexico Pays Part of Debt

(Continued from Page 7)

money and induced banks to lend them more to ease the domestic impact of their austerity programs. Nevertheless, the programs resulted in severe recessions in Mexico and Brazil.

Today, however, both countries appear to be emerging from the recessions, and have shored up their finances so that they no longer need new loans, although major debt countries still cannot repay their outstanding loans on schedule.

Peru has made a payment of about \$52 million to its creditor banks as part of a plan to clear interest arrears on its bank debt. Reuters quoted banking sources as saying Friday in London.

Laure last month, the outgoing economy minister, José Benavides, said Peru would repay \$50 to \$51 million, but the sources said the figure that had been paid was slightly higher.

Exxon Is to Buy Grace Oil Stake

NEW YORK — W. R. Grace & Co., a chemical concern with wide-ranging energy holdings, has announced an agreement in principle to sell several of its oil and gas interests to Exxon Corp. for about \$126.5 million in cash.

Grace announced Thursday that Exxon had agreed to purchase the oil and gas interests presently held by Grace's Grace Petroleum Corp. subsidiary.

The agreement includes related assets and certain exploration rights in Alabama, Louisiana, Oklahoma and Wyoming. Eight different oil fields are involved, it said.

Grace said that a purchase agreement is expected to be worked out shortly, and that a closing agreement is expected within 90 days. The accord is subject to government approval. Harold R. Logan, head of Grace's Natural Resources Group and a company vice chairman, said: "Exxon offered us a fair price for a portion of this business."

NYSE May Ease Rules On Share Voting Rights

By Michael A. Hiltzik
Los Angeles Times Staff Writer

NEW YORK — The New York Stock Exchange is poised to overturn its half-century-old prohibition against listed companies issuing multiple classes of stock with unequal voting rights.

The ban has threatened to drive some prominent corporations that use the maneuver as a takeover defense off the Big Board and into the over-the-counter market.

The exchange announced Thursday that a subcommittee of its policy committee has recommended allowing companies to issue new classes of stock as long as they have the approval of holders of two-thirds of existing common shares and the approval of a majority of outside directors.

Under the proposal, the voting differential between the new shares and the old could be no more than 10-1, and no shareholder rights other than voting could differ.

The recommendation must be approved by the full committee, the NYSE board and the Securities and Exchange Commission.

But the immediate effect is the end to delisting proceedings, pending the possible rule change, that the exchange has started against four companies: Dow Jones & Co., publisher of The Wall Street Journal, Hershey Foods Corp., General Cinema Corp. and Coastal Corp.

All established new classes of stock as takeover defenses.

Implicit in the subcommittee's recommendation, said panel members, is the notion that the exchange should allow a corporation to make any bylaw or charter change that gains two-thirds approval from shareholders, a sufficiently large block to protect existing shareholder interests.

"That's a big, big hurdle," Andrew C. Sigler, a subcommittee member and chairman and chief executive of Champion International Corp., said of the approval requirement. "I'd be damned if I can see how they will get it in most situations."

[Some Wall Street experts were concerned the proposed change would encourage widespread adoption of different classes of stock by many companies trying to prevent takeovers, the Washington Post reported.]

"I would hate to see any deterioration in the New York Stock Exchange's high standards for listing," said John C. Whitehead, retired senior partner of Goldman, Sachs & Co. "Taking any voting

rights away from public stockholders is a very serious matter."

The NYSE no longer dominates trading in shares of major corporations as it once did.

Some large companies have chosen to remain in the over-the-counter market, which now nearly matches the Big Board in efficiency and liquidity, two key considerations for publicly traded corporations.

The exchange also has lost its virtual monopoly in trading of stock in its own listed companies, as more trading is executed on regional stock exchanges and by brokerages specializing in private transactions.

Economists Are Gloomy

(Continued from Page 7)

efforts not on winning the race, but on making the arms race unwinnable."

It is not quite clear how this applies to President Ronald Reagan's instructions to Secretary of State George P. Shultz, in next week's meeting with Foreign Minister Andrei A. Gromyko, to reject any Soviet proposal to negotiate limits on developing new anti-missile defenses. But it seems to imply that the United States should avoid alarming the Russians that they are falling dangerously behind in technology.

However, Mr. Nalebuff added that there was a value to being perceived as irrational. "Because of the incentive to be perceived as irrational," he told the economists, "appearances of irrationality cannot automatically be assumed to be true. Unfortunately, this leaves little room in the arms race for the truly irrational." Mr. Shultz, though an economist, may have difficulty in following these guidelines.

In a more traditional area of economic analysis, Ben E. Laden, chief economist of T. Rowe Price Associates Inc., the mutual funds concern, found an "extremely high potential" for attractive returns in equities in the years ahead, because "the improvement in inflation and the return of satisfactory economic growth should allow the stock market to catch up for underperformance during the last 15 years."

Over-the-Counter

NASDAQ National Market Prices

1984 High Low 3 P.M. Price					BAAA Bussind
AA	27 1/2	27 1/2	27 1/2	0	
AAE	27 1/2	27 1/2	27 1/2	0	
AAI	27 1/2	27 1/2	27 1/2	0	
AAJ	27 1/2	27 1/2	27 1/2	0	
AAO	27 1/2	27 1/2	27 1/2	0	
AAQ	27 1/2	27 1/2	27 1/2	0	
AAU	27 1/2	27 1/2	27 1/2	0	
AAV	27 1/2	27 1/2	27 1/2	0	
AAW	27 1/2	27 1/2	27 1/2	0	
AAZ	27 1/2	27 1/2	27 1/2	0	
ABA	27 1/2	27 1/2	27 1/2	0	
ABD	27 1/2	27 1/2	27 1/2	0	
ABE	27 1/2	27 1/2	27 1/2	0	
ABF	27 1/2	27 1/2	27 1/2	0	
ABG	27 1/2	27 1/2	27 1/2	0	
ABH	27 1/2	27 1/2	27 1/2	0	
ABI	27 1/2	27 1/2	27 1/2	0	
ABJ	27 1/2	27 1/2	27 1/2	0	
ABK	27 1/2	27 1/2	27 1/2	0	
ABO	27 1/2	27 1/2	27 1/2	0	
ABQ	27 1/2	27 1/2	27 1/2	0	
ABU	27 1/2	27 1/2	27 1/2	0	
ABV	27 1/2	27 1/2	27 1/2	0	
ABW	27 1/2	27 1/2	27 1/2	0	
ABZ	27 1/2	27 1/2	27 1/2	0	
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ABD	27 1/2	27 1/2	27 1/2	0	
ABE	27 1/2	27 1/2	27 1/2	0	
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ABG	27 1/2	27 1/2	27 1/2	0	
ABH	27 1/2	27 1/2	27 1/2	0	
ABI	27 1/2	27 1/2	27 1/2	0	
ABJ	27 1/2	27 1/2	27 1/2	0	
ABK	27 1/2	27 1/2	27 1/2	0	
ABO	27 1/2	27 1/2	27 1/2	0	
ABQ	27 1/2	27 1/2	27 1/2	0	
ABU	27 1/2	27 1/2	27 1/2	0	
ABV	27 1/2	27 1/2	27 1/2	0	
ABW	27 1/2	27 1/2	27 1/2	0	
ABZ	27 1/2	27 1/2	27 1/2	0	
ABB	27 1/2	27 1/2	27 1/2	0	
ABD	27 1/2	27 1/2	27 1/2	0	
ABE	27 1/2	27 1/2	27 1/2	0	
ABF	27 1/2	27 1/2	27 1/2	0	
ABG	27 1/2	27 1/2	27 1/2	0	
ABH	27 1/2	27 1/2	27 1/2	0	
ABI	27 1/2	27 1/2	27 1/2	0	
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ABK	27 1/2	27 1/2	27 1/2	0	
ABO	27 1/2	27 1/2	27 1/2	0	
ABQ	27 1/2	27 1/2	27 1/2	0	
ABU	27 1/2	27 1/2	27 1/2	0	
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ABI	27 1/2	27 1/2	27 1/2	0	
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ABV	27 1/2	27 1/2	27 1/2	0	
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Floating Rate Notes
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ART BUCHWALD

The Sky's the Limit

WASHINGTON — The beauty of the Star Wars defense system is that everyone can discuss it with authority, because no one, including the people in charge, has any idea of what it is.

I realized this when I attended one of those Washington cocktail parties where the power elite gather to exchange gossip and information that only decision makers are privy to.

"It is true," I asked a source, who has one of the largest offices in the Pentagon, "that Star Wars will become a bargaining chip in the Soviet-American arms talks?"

"Nuts," he said defiantly. "If we ever decide what it is, we will never give it up."

"Isn't it easier to give something up in arms talks that we don't have, than something that we do?"

"Not if they have it, and we don't."

"Do the Soviets have a Star Wars defense?"

"They must have or they wouldn't want us to give up ours."

"Maybe they don't have it, but hope we'll go ahead with it anyway," I suggested. "Did it ever occur to you that the reason the Soviets are making such a big thing of it is because they want us to spend all of our money to develop it, so we won't have any left to make the weapons they don't want to build?"

"Of course, it's occurred to us," he said. "But our answer to that is there's no price you can put on national security. Once we figure out, all our other weapons will be obsolete."

"How can you say that when you have no idea what it is?" I asked.

"We may not have any idea what it is, but we do know what we want it to do—and that is blow up every Soviet missile before it hits its target."

"That's a tall order. Will Star Wars be able to do that?"

"We may never know, but neither will they. Once we install it in the sky no one will have the slightest idea if it can do the job. But it will keep the other side guessing. And that's the best deterrent there is."

A man who has one of the largest offices in the White House joined our group. "The president wants Star Wars because he believes once we develop it we will no longer have to depend on mutual terror to avoid nuclear war."

"But the president says he doesn't know what Star Wars is either," I pointed out.

"He's not a scientist and doesn't claim to be one. But he believes in it more than anything he has ever advocated. Besides, since he's proposed it he has to go ahead with it, or he would be sending another wrong message to the Soviets."

An assistant secretary, who has one of the largest offices in the State Department, said, "Even if Star Wars doesn't pan out the way we envision, it will still be worth the cost just to show our NATO allies that we have no intention of leaving them in the lurch. If nothing else, it will strengthen the West's commitment to repelling the Soviet military threat."

"Then our allies are for it?"

"They are as long as it doesn't cost them any money."

An assistant labor secretary said, "When you're talking about Star Wars, you're talking about the hundreds of thousands of jobs it will provide for the next 20 years. It's not just a dream, but a shot in the arm for every defense contractor in the nation."

"I take it then," I said, "that everyone in the government is sold on it?"

"They better be if they want to keep their jobs in this administration."

"But how much will it really cost?"

"The Pentagon man tittered. 'When it comes to funding Star Wars, the sky's the limit.'"

Leontyne Price Ends Her Opera Career

By Mary Campbell

NEW YORK — The soprano Leontyne Price, the first black American singer to achieve superstar status in opera, bid farewell to her opera career with a glowing performance in "Aida," the role many critics consider her greatest.

Her finale on Thursday, her 193d performance at the Metropolitan Opera, came 24 years to the month after her debut there at the age of 33.

Price, 57, acclaimed as one of the century's leading Verdi sopranos, will continue to perform concertos and recitals, a practice followed by many opera singers, enabling them to choose songs best suited to their voices.

It was Price's fourth performance this season in the title role of Verdi's opera, the story of the daughter of the king of Ethiopia held captive in Egypt. The opera, directed by James Levine and featuring James McCracken, Fiorenza Cossotto, Simon Estes and John McCurdy, was televised in the United States by the Public Broadcasting Service. Tickets for the performance were sold out by mid-November.

After Price's aria in Act III, "O Patria Mia," which begins, "Oh, my country, I shall never see you again," the audience stood for the opera with a four-minute ovation.

Though Price remained in character, her lips trembled and she bowed her head. When she raised it, her eyes were glistening.

Price had intended to announce her retirement on television at a prerecorded intermission interview. But newspaper stories appearing before the first of the four Met "Aidas," revealed that it would be her last opera role, and Price decided against the intermission announcement.

She will continue to give concerts and has many bookings for the next few years.

Among those in the audience were Price's brother, Brigadier General George Baker Price, and his wife, Georgianna, and his wife, Georgianna, and his wife, Georgianna.

Price's home town, Chisholm, is a daughter of Mrs. Alexander Chisholm and her late husband, Price, the white couple who helped Price financially to get a musical education.

Price studied at the Juilliard School in New York and received her first critical notices in the role of Bess in a 1952 New York production of Gershwin's "Porgy and Bess." She sang "Tosca" on NBC-TV in 1954 and made her debut with the San Francisco Opera in 1957 and the Vienna State Opera in 1958.

When she first appeared at the Met, on Jan. 27, 1961, as Leonora in Verdi's "Il Trovatore," she received a 40-minute ovation, one of the longest in the house in the last 25 years.



Leontyne Price at her final opera performance; inset in "Ernani" in 1960s.

Price, who has lived in New York's Greenwich Village for 30 years, has appeared in operas by other composers, including Mozart, Puccini and Richard Strauss, but she always won her highest acclaim as a Verdi soprano. It was her "Aida" that made her an international star, when she sang the role in leading European opera houses in the 1960s and became a protégée of the conductor Herbert von Karajan.

She also created the role of Cleopatra in Samuel Barber's "Antony and Cleopatra" for the opening performance in the new Metropolitan Opera House at Lincoln Center in 1966. She will next appear at the Met in recital, with James Levine as accompanist, on March 24.

"I'm trying to exhibit good taste," she said of her farewell. "I prefer to leave standing up, like a well-mannered guest at a party."

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PEOPLE

Diabetes Expert Honored

Dr. Donald F. Steiner of the University of Chicago Medical Center, whose work on the body's processing of insulin has helped treat diabetes, has been named recipient of the Wolf Prize for Medicine, the Israel-based Wolf Foundation announced in Tel Aviv. He will be awarded \$100,000 by President Chaim Herzog in May.

Dr. Milton Brothers, husband of the psychologist Joyce Brothers, Thursday denounced as untrue a magazine interview in which he was quoted as saying that his wife of 35 years gave "abnormal" advice to her own family. Brothers, a diabetes specialist at a veterans' Hospital in New York, said the interview in Family Weekly was a "hatched job" and had upset his wife. "Nothing printed in the derogatory aspects of the interview remotely resembles what I actually said," he said. But Thomas Plate, editor of the magazine, said: "There's not the slightest doubt in our minds that Dr. Milton Brothers said what he is quoted as saying." The interview, conducted by Ann Seligson, a free-lance journalist, quoted Brothers as saying of his wife, "For her, psychology is an expertly trained art, or science. But with her family, she's a mystic. She totally loses her objectivity." Brothers said he told Seligson, "When it comes to the family, she does get emotionally involved and, at times, is less objective than she ought to be. I said nothing about 'abnormal' and there is no question the family follows her advice." He added that their daughter, an ophthalmologist in Iowa and mother of two children, has often benefited from his wife's advice.

Foreign workers have been invited for the first time this year to the New Year reception of Queen Beatrix of Holland. Turkish and Moroccan workers, constituting the two largest single groups, are on the guest list for the festivities Jan. 9, which will be held at Amsterdam's Dam Palace, according to a royal spokesman. He said between 5 and 10 guest workers were invited to symbolize the approximately 100,000 foreign workers living in the Netherlands.

Cornelia Wallace, ex-wife of Governor George C. Wallace of Alabama, was committed to a state mental hospital in mid-December and is responding well to treatment. Probate Judge Marion Branson said Thursday he ordered Mrs. Wallace sent to a mental hospital Dec. 14 at the request of her mother, Ruby Folsom Austin, and her brother, Charles Ellis Jr. Mrs. Wallace, a niece of former Governor James E. Folsom, married Wallace in January 1971 and was with him when he was shot in a Laurel, Maryland, parking lot during the 1972 presidential campaign. Wallace was paralyzed from the waist down. The couple divorced in January 1978.

Ms. magazine's "Women of the Year" list ranges from the vice presidential candidate Geraldine Ferraro to the rock star Cyndi Lauper, and includes a 10-year-old who told an all-male club to keep its award. Ferraro, who met with the others at a ceremony in New York Thursday, was cited "for her steadfast courage, humor, and grace under pressure in representing women and America's majority vote on equality." Gloria Steinem, editor of Ms., said the awards were the feminist magazine's answer to Time's "Man of the Year." Cherry Grant, 10, was honored for refusing a "good reading award" from a male-only club in Iowa "for the spunk, foresight and generosity to take a stand at age 10, to make a better future for all of us." Among others honored were Rosabeth Moss Kanter, a sociologist and business consultant of Cambridge, Massachusetts, for demonstrating that equality to workers can be good business, and Mary Schaefer, a nuclear power expert of Midland, Michigan, for stopping a nuclear power plant in mid-construction after a 17-year fight.

Larry Gatlin, lead singer of the country music group the Gatlin Brothers, disclosed he is undergoing treatment for drug addiction at a California clinic. "On Dec. 10, 1984, I checked myself into the Care Unit of Orange, California, as a voluntary patient for the treatment of alcohol and drug addiction," he said. The group is to perform at a presidential inauguration gala Jan. 19. A publicist said the appearance will be the group's first since Gatlin was hospitalized.

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